



Compliance regulations

Regulations about handling inside information

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The Dutch Authority for the Financial Markets

The AFM is committed to promoting fair and transparent financial markets.

As an independent market conduct authority, we contribute to a sustainable financial system and prosperity in the Netherlands.

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1. The Purpose of the Compliance Regulations

The Compliance Regulations contain the code of conduct for employees and persons working for or at the AFM. The term 'employee' in these regulations means any person subject to these Compliance Regulations. This does not need to be based on an employment contract. In addition to a number of mandatory provisions, these regulations also contain a number of guidelines in the form of examples and clarifications of how to deal with private transactions. Appendix 2 of these regulations explains various terms in more detail. These are shown in italics in the articles below.

The basic principle of the Compliance Regulations is the prevention of the disclosure of inside information in the execution of private transactions by employees of the AFM and all other persons subject to these regulations. The AFM seeks alignment with the prohibition contained in the Financial Supervision Act (Wft) as much as possible. Such use or apparent use of insider information interferes with the fair and efficient operation of capital markets, and has the potential to greatly damage the integrity and reputation of the AFM and its employees.

In these regulations, only the designation 'he' is used for an employee, but this can, of course, also apply to a 'she'. The term employee in these regulations also means any person subject to these Compliance Regulations.

If any employee has doubts or queries about the application of these Compliance Regulations or the clarifications of them, he must consult the Compliance Officer.

1.1 Own responsibility

The employee is responsible for complying with the Compliance Regulations and for his conduct and investment behaviour. Employees are not allowed to circumvent these Compliance Regulations via *(related) third parties*.

1.2 Notification of potential conflicts of interests

An employee is obliged to notify the Compliance Officer immediately concerning every (potential) conflict of interest relating to the Compliance Regulations.

Clarification

A conflict of interest denotes a situation in which someone serves several interests that can exert such an influence on each other that the integrity of the one interest or the other becomes an issue. This situation could arise if, for instance, an employee is also treasurer of an association and he must also make decisions in the area of investments, or implement decisions taken by the association's management on behalf of the association. Notification to the Compliance Officer should preferably take place by email.

1.3 Inside information

An employee is not permitted to make use of inside information. An employee is also not permitted to disclose this information to third parties, unless such a disclosure is made to satisfy the normal duties of his work, profession or position. When an employee possesses inside information as a result of his duties, the employee must immediately notify¹ this to the Compliance Officer.

1.4 Executing private transactions

In Addition to securities accounts and investment accounts, this Article's provisions also apply to private transactions ensuing from an investment-linked insurance, mortgage or pension provision, and so-called hybrid products containing an investment component, which an employee has contracted.

1. An employee is permitted to execute private transactions without prior clearance:
 - a. in government bonds and bonds issued by local governments;
 - b. in financial instruments whose underlying value(s) consist / only consist of bulk goods (commodities) or currencies, e.g. a Turbo Silver or a Future in potatoes. In contrast, collective investment schemes that exclusively invest in commodities fall under paragraph 2 below;

¹ See work instructions belonging to the Closed list.

- c. with respect to optional dividends, in cash or dividends in the form of shares, provided that a consistent line of behaviour² is applied with the option selected whenever possible;
- d. in financial instruments not admitted to trading on a regulated market or multilateral trading facility (MTF) in or outside the Netherlands, (e.g. unlisted collective investment schemes).

Clarification

This also means that employees are not permitted to execute private transactions on the basis of confidential supervisory information. The Compliance Officer can conduct retrospective checks on these types of private transactions.

- 2. An employee is not permitted to execute private transactions for financial instruments admitted to trading on a regulated market or MTF in the Netherlands. This also applies to all derivative products based on these instruments. This prohibition only applies for financial instruments of those issuers that are subject to the obligation to disclose inside information; see also the clarification on this Article and paragraph 3 for exceptions to this prohibition.

Clarification

In this context, issuers must comply with the Wft requirement to disclose inside information immediately in the Netherlands. This inside information is often presented to the AFM in advance. There is therefore a high risk that inside information is available within the AFM. Not all issuers with a listing on Euronext Amsterdam or a marketable product on an MTF are subject to the obligation to disclose inside information. The issuer itself must specifically grant permission for this marketability on the basis of the Wft. The clarification to paragraph 3 identifies the exceptions to this prohibition. All recognized stockexchanges and MTFs can be found in the licence database on the AFM webpage.

- 3. An employee is permitted to execute private transactions after prior clearance:
- 4. in collective investment schemes and index funds with a listing on a regulated market in the Netherlands; and
- 5. in all other financial instruments that are not identified in paragraphs 1 and 2. For example: foreign shares and bonds that are only listed abroad, the segment Traded not listed on Euronext Amsterdam, foreign shares that are traded on NYSE Arca (MTF) but are not listed on Euronext Amsterdam.

After the Compliance Officer has granted clearance, the employee must issue the instruction for execution within one hour. If this fails for some reason, the employee must again request prior clearance.

² Concerns the line of behaviour that has previously or regularly been followed.

Clarification

Not all issuers whose financial instruments are traded on a regulated market or MTF in the Netherlands are obliged to disclose price sensitive information, and this means they are exempt from the prohibition identified in paragraph 2. Private transactions in these financial instruments are therefore permitted, provided you have obtained prior clearance from the Compliance Officer. The segments for which this applies are:

- The 'Traded not listed' on Euronext Amsterdam; and
- All issuers that are unaware of, or have not agreed to, the fact that their financial instruments are traded on an MTF in the Netherlands. These include all foreign issuers whose financial instruments are traded on NYSE Arca (MTF), but are not also listed on Euronext Amsterdam. However, this exception does not apply to financial instruments traded on Alternext (MTF). The issuers of these instruments are specifically obliged to disclose price sensitive information, and thus fall under the prohibition referred to in paragraph 2.

1.5 Consultation on private transactions

The employee is obliged to submit advance notification to the Compliance Officer (via Compliance-integriteit@afm.nl), of all his directly or indirectly executed private transactions for which clearance is required, and which are attributed to him. The Compliance Officer checks the transaction against the so-called closed list. This list can only be inspected by Compliance staff and the Chairman of the Executive Board on request. In addition, employees can perform computerised checks on private transactions with collective investment schemes against this closed list via the automated COSi system.

Compliance employees need to obtain prior clearance from the head of their department, who will subsequently notify the Chairman of the Executive Board about transactions executed. The department head responsible for Compliance should obtain prior clearance for private transactions from the Chairman of the Executive Board or, in his absence, another member of the Executive Board.

Clarification

The notification must contain at least the following information:

- whether this concerns a buying or selling transaction;
- a recognisable name or description of the financial instrument;
- the date of the order and the duration of a limit order;
- the quantities;
- the execution price or specified limit price or prices; and
- the account number, policy number and / or name of the institution at which the transaction will be executed.

The Compliance Officer can prescribe additional guidelines for these notifications.

1.6 Discretionary management agreement

6. The provisions under 4 and 5 of these regulations will not apply if the employee allows his portfolio in financial instruments to be managed by an asset manager with which a written agreement has been contracted that satisfies the following conditions:
 - a. the management agreement has been approved in advance by the Compliance Officer. The agreement should stipulate that the employee exercises no influence on the management to be performed by the asset manager, on the understanding that the employee can issue generally formulated policy instructions to the asset manager, e.g. concerning the portfolio mix policy for financial instruments to be managed by the asset manager, by type, geographic origin, or industry. These general policy instructions must be included in the agreement and must not be changed more frequently than once every six months;
 - b. there is no prior communication between the employee and the asset manager concerning any transactions. This prohibition also applies to communications between the asset manager and any other person for whose expense the transaction is executed and with whom the employee has a family or close connection, or with whom the employee has a direct or indirect material interest in the result of the transaction;
 - c. the discretionary management should be based on strict segregation of ownership and management;
 - d. at the request of the Compliance Officer, the asset manager will provide details of transactions that have been executed on the basis of the management agreement. See also the provisions under Article 12 of these regulations.
 - e. the employee must obtain prior approval from the Compliance Officer for amendment or termination of the management agreement. The request to the Compliance Officer for permission must include a statement of the employee's portfolio.
 - f. The Compliance Officer is authorised to instruct the employee to ensure to the best of his ability that the management agreement is amended. If amendment of the management agreement according to the instructions of the Compliance Officer does not take place, the employee is obliged to terminate the management agreement.

1.7 Exemption authority of the Compliance Officer

The Compliance Officer can authorise exemption from specific provisions of these regulations, in cases of special personal or financial circumstances, or in the event of special procedures. This exemption may be subject to requirements and restrictions.

Clarification

The exemption authority concerns special circumstances in which financial instruments are involved, such as: entering into or dissolution of a marriage or registered partnership, sharing the estate, inheritance or acquisition from a gift or endowment, or the termination of a mortgage or insurance contract with an investment component. The special procedures also concern, for example, repetitive deposits for private transactions, personnel arrangements, rights issues, or public takeover bids.

In the cases identified above, financial instruments can come into the possession of or must be divested by an employee, e.g. due to marriage or divorce, or receiving an inheritance, while in principle this is not permitted under the provisions of Article 4 of these regulations. Employees should submit these situations to the Compliance Officer in advance whenever possible.

1.8 (Related) third parties

- 1 An employee is not permitted to circumvent the requirements of these compliance regulations by executing or having a transaction in a financial instrument executed in which the transaction is executed for the employee, or on behalf of a third party whose relationship with the employee is of such a nature that the employee has or could have a direct or indirect material benefit from the result of the transaction.
- 2 The employee is committed to ensure to the best of his ability that any related third party or parties with whom the employee runs a joint household does not execute any private transactions that contravene the provisions of these Compliance Regulations.

Clarification

The employee's commitment with respect to the related third party or parties is restricted to those affiliated third party or parties with whom the employee runs a joint household. This commitment means the employee must always comply with the duty to observe secrecy. This should prevent the related third party from being able to deduce, from the employee's commitment, that inside information would be available about a specific institution or financial instrument. Regardless of the limitation in this commitment, it obviously applies that the employee is not permitted to circumvent the Compliance Regulations via related or other third parties.

1.9 Private transactions by Supervisory Board members

1. Each member of the Supervisory Board is subject to the provisions of these Compliance Regulations, except those exceptions for which the Compliance Officer has granted prior approval.
2. A member of the Supervisory Board can, in case of a difference of opinion with the Compliance Officer regarding the interpretation and application of the Compliance Regulations,

appeal to the General Counsel or the Chairman of the Executive Board of the AFM; see also Article 15:2.

1.10 Transitional arrangement

1. Unless there is a case of discretionary management as referred to in Article 6 of these regulations, before entering the AFM's employment, the employee who possesses financial instruments that are subject to the restrictions of Article 4:2 of these Compliance Regulations is only permitted to divest these financial instruments within 12 months after starting employment and after prior clearance has been obtained from the Compliance Officer. After the aforementioned 12 months, the employee can no longer divest these holdings.

2. The identified reduction option under paragraph 1 above also applies to financial instruments obtained through gifts and / or inheritance during the employee's period of employment.

Clarification

For employees in a transition situation, the Compliance Officer will provide clearance for sale of the holdings, unless the financial instrument appears on the closed list. However, there is no question of an obligation to sell or otherwise divest the holdings. The employee can also opt not to execute any transactions in these financial instruments, from which a 'freeze situation' arises after 12 months. Only after a period of 6 months after leaving the AFM's employment is the employee once again allowed to execute transactions in these financial instruments.

1.11 Investigation by the Compliance Officer

1. The Compliance Officer has the authority to start an investigation concerning compliance with these Compliance Regulations, and is also empowered to establish and report on the findings resulting from this investigation. The Compliance Officer reports directly to the Chairman of the AFM's Executive Board.

If the investigation concerns a member of the Executive Board or the Supervisory

Board, the Compliance Officer will report directly to the Chairman of the Supervisory Board. If the investigation concerns the Chairman of the Supervisory Board, the Compliance Officer will report directly to the Vice-Chairman of the Supervisory Board. When the Compliance Officer does not report to the Chairman of the Executive Board, the Compliance Officer will inform the Chairman of the Executive Board about the investigation.

2. The employee concerned will be informed about the outcome of the investigation. Before the Compliance Officer reports in writing about the findings of the investigation, the employee will be given an opportunity to respond to the findings of the investigation.

1.12 Information provision to Compliance Officer

The employee is obliged, on request from the Compliance Officer:

- a. to provide all information relating to private transactions executed for him or at his own expense;
- b. to issue instructions to a bank, asset manager, collective investment scheme, broker or (related) third party, to provide the Compliance Officer with all relevant information about private transactions conducted by or for the employee.

1.13 Compliance database

The Compliance Officer documents his work and administers and archives all information provided by employees or third parties in the context of the Compliance Regulations. He keeps copies of all written agreements and declarations from the persons subject to these Compliance Regulations in a specifically designed Database. Furthermore, the Compliance Officer administers and archives all his granted authorisations, the inspections and investigations undertaken, and the actions taken as a result, as well as other relevant information. See also Article 17 and Appendix 4 of these regulations.

1.14 Sanctions and appeal against sanctions

Acting in violation of these Compliance Regulations can be deemed a serious breach of the trust that the AFM must be able to have in its employees, and on that basis can lead to one or more appropriate sanctions. For minor offences, the Compliance Officer can impose sanctions by recording an entry in the compliance file, for instance. Heavier sanctions, such as reassignment, suspension, and other disciplinary or employment measures, including summary dismissal, whether or not proposed by the Compliance Officer, can only be imposed by an Executive Board member in the case of an employee other than an Executive Board member, or by the Chairman of the Supervisory Board in the case of an Executive Board member or a member of the Supervisory Board. The Vice-Chairman of the Supervisory Board is authorised to impose a sanction in the case of the Chairman of the Supervisory Board.

Every employee, other than an Executive Board member, can appeal against the imposed sanction to the Chairman of the Supervisory Board. Executive Board members can appeal the sanction to the Vice-Chairman of the Supervisory Board. The Vice-Chairman and Chairman of the Supervisory Board can appeal to the Chairman of the Executive Board.

Clarification

To determine the difference between a minor and a serious violation, consideration is given to aspects including:

- Was the violation committed knowingly or unknowingly?
- Was inside knowledge used or not?

- Is there recidivism? and
- Is the employee open and did he cooperate with the investigation?

If, for example, when buying a house, an employee forgets to notify the Compliance Officer in advance about his mortgage with an investment component, this will initially be classified as a minor infringement. However, if it appears that the employee has also used inside information when setting up the investment component of his mortgage, or that he consciously withheld the quotation, the same offence will be classified as a serious violation by the Compliance Officer and will be submitted to the Executive Board or Supervisory Board. The Executive Board or the Supervisory Board makes the final decision for more serious violations, and can always decide differently than the proposal submitted by the Compliance Officer. The employee will always be heard before a sanction is imposed.

Another example of a minor infringement is failing to respond promptly to an information request from the Compliance Officer. Having established minor infringements, the Compliance Officer will then make an entry in the compliance file of the employee. This will only take place following a fair hearing with the person involved. The compliance file is only accessible by Compliance employees. If several cases of minor infringements have been identified, the Compliance Officer can propose making an entry of this to be included in the employee's personnel file maintained by the Personnel & Organisation department. The employee will be informed of this in advance. This may therefore have consequences for the employee when he goes for a job interview with another employer, if this employer then conducts a reference check.

1.15 Binding ruling by Compliance Officer, and appeal

- 1 A decision taken by the Compliance Officer or a ruling made by him on a request from an employee under the Compliance Regulations for prior clearance or an exemption is binding on the employee concerned.
- 2 The employee, including an Executive Board member, can appeal to the Chairman of AFM's Supervisory Board against the Compliance Officer's decision or ruling.

Members of the Supervisory Board are entitled to appeal to the Chairman of AFM's Executive Board. The appeal has no suspensive effect on the decision or ruling of the Compliance Officer.

1.16 Residual powers

In all cases not provided for in the Compliance Regulations with respect to the employee, not including a member of the Executive Board, a member of the Executive Board is empowered to judge, to give instructions and, in this context, to take certain prescribed measures. With respect to a member of the Executive Board or a member of the Supervisory Board, the Chairman of the Supervisory Board is empowered, or the Vice-Chairman if the case concerns the Chairman of the Supervisory Board.

1.17 Privacy protection

The processing of personal data in the context of these regulations will take place in accordance with the requirements of the Personal Data Protection Act. By signing the Compliance Regulations, the employee declares that he is aware of the essential processing of personal data in the context of these regulations. See also Appendix 4.

1.18 Applicability and entry into force of the Compliance Regulations

These Compliance Regulations replace the existing 2005 Private Investment Transactions Regulations and will enter into force on 1 April 2010. These Compliance Regulations apply to all employees and are an integral part of the employment or other contract between the AFM and the employee. These regulations also apply to former employees until 6 months following the termination of employment at the AFM. For those employees who have left the AFM's employment before 1 April 2010, the 2005 Compliance Regulations remain in force for 6 months after leaving the AFM's employment.

The signed authorisations from employees that are in the possession of the Compliance department, and that relate to the 2005 Compliance Regulations will remain in force under the new 2010 regulations.

The Compliance Regulations constitute a supplement to the regulations in force under the employment or other contract for employees who have an employment contract or other contract with the AFM. In cases of conflict between these Compliance Regulations and the applicable employment contract or other contract, these Compliance Regulations prevail.

2. Appendix 1 - Declaration pertaining to the Compliance Regulations

I am familiar with the contents of the 2010 Compliance Regulations and will fully comply with these regulations in all aspects.

I understand that failure to comply with the Compliance Regulations can result in sanctions.

I am aware that these Compliance Regulations remain in force for six months after termination of employment, and will comply with them.

Name and initials : _____

Address : _____

Postal code and town/city : _____

Business phone number : _____

Date of birth : _____

Department : _____

Date of joining : _____

Signature : _____

Place and date of signature : _____

By signing the Compliance Regulations, the employee authorises the Compliance Officer of the AFM to request information from financial institutions with which the employee currently has account (s) and / or policy (s). The authorisation form for this purpose is included in Appendix 3 to these regulations.

3. Appendix 2 - Definition of terms

The terms in these Compliance Regulations, unless the context indicates otherwise, mean:

AFM: The Dutch Authority for the Financial Markets

Collective investment scheme: Collective investment schemes are investment companies and investment funds. An investment company is a legal entity that solicits or obtains funds or other goods for collective investment in order to enable participants to share in the proceeds of the investments. An investment fund is a capital base, not placed in an investment company, in which solicited or obtained funds or other goods are or will be included for collective investment in order to enable participants to share in the proceeds of the investments.

Compliance Officer: the Senior or other Compliance Officer of the AFM.

Financial instrument:

- a. security;
- b. money market instrument;
- c. right of participation in a collective investment scheme, not being a security;
- d. option, future, swap, currency and interest rate future, or other derivative contract relating to securities, currencies, interest rates, yields, commodities or other derivatives instruments, indices or benchmarks, and which can be settled by physical delivery or in cash;
- e. derivative instrument for the transfer of a credit risk;
- f. financial futures contract for settling differences;
- g. other financial instruments within the meaning of the Financial Supervision Act (Wft), including an option, future, swap, currency and interest rate future, or other derivatives contracts relating to climatic variables, shipping documents, emission licences, inflation rates or other official statistics, and furthermore everything that can be deemed and generally accepted as such.

In addition to the list above, the term 'financial instrument' in these regulations means any other instrument which, on a regulated market or multilateral trading facility for which the investment firm has a licence as referred to in Section 2:96 of the Wft, is admitted to trading or whose admission to trading on a regulated market or a market in financial instruments, other than a regulated market, for which the holder has applied for a recognition as referred to in Section 5:26(1) of the Wft, has been requested.

Clarification

Further clarification of the terms used is based on the notes to the Financial Supervision Act (Wft).

Employee:

- a. any person working for the AFM on the basis of a contract of employment.
- b. (groups of other) persons who are designated as such by the Executive Board on a proposal from the Compliance Officer.

Clarification

The Compliance Officer, when making proposals for designation as referred to under subparagraph b, will be guided by the information position of these persons or groups of persons, especially their access to data systems of the AFM.

Related third party or parties:

- a. the spouse or partner;
- a. relatives by blood or by marriage to the second degree, also including stepchildren, adopted children and foster children;
- b. persons with whom the employee runs a joint household, unless they are already included under a or b above.

Inside knowledge: Information that is specific, and directly or indirectly concerns the issuer to which the financial instruments relate or the trade in these financial instruments, which information has not been made public and the publication of which could have significant impact on the price of the financial instruments or the price of related derivative financial instruments.

Clarification of 'significant'

The term 'significant' is clarified in law as 'meaningful', which in connection with such information is explained as 'information that a reasonable trading investor would be likely to use, on which he would partly base his investment decision'. The reasonable trading investor is a cross-section of the investing public, both existing investors as well as potential investors. This therefore concerns an imaginary person who stands for the average investor. European legislation speaks of 'the investing public' in this context. A guideline for determining 'what is relevant for the reasonable trading investor' can be: what information would you want to have as an investor yourself, if you were an investor?

Private transaction: A transaction in a financial instrument, with the exception of those transactions executed by the related third party on the basis of business and profession.

Clarification

Private transactions that ensue from an employee's contracted investment-linked insurance, mortgage, or pension provision are also deemed to be private transactions in these regulations.

Prior clearance: Advance permission from the Compliance Officer for the execution of private transactions.

4. Appendix 3 - Processing of personal data

Gathering of personal data by the Compliance Officer

All personnel data within the meaning of Section of the Personal Data Protection Act (Wbp), which are collected by the Compliance Officer, are necessary for upholding the legitimate interests of the AFM; (processing basis under Section 8 (f) of the Wbp). This concerns the check by the Compliance Officer to ensure compliance with the Compliance Regulations. These personal data are reported to the Data Protection Officer.

Compliance Database

The Compliance Officer maintains and keeps updated the following organisation-wide 'basic' compliance information for everyone who is subject to the Compliance Regulations.

- Employee's contact details: surname, first names, address, postal code, town, and phone number;
- Organisation unit and position;
- Date of commencing employment;
- Which security accounts and investment-linked insurance policies the employee holds, and at which bank or insurance company;
- Transaction requests submitted by the employee to Compliance.
- With respect to the mandatory compliance documents filled in by the employee upon commencing – or during – his employment with the AFM, the following documents: signed Compliance Regulations, Computerised Compliance processing form, the Annual Compliance confirmation, and the authorisation for each institution at which the employee holds financial products.

Retention periods and destruction of documents

The physical compliance file, after the expiry of one calendar year starting from the employee leaving the AFM's employment, will be removed from the direct administration; staff files are placed alphabetically in the white binders in the vault. In the following calendar year, the binders are taken to the team DIV of the Facilities Operations department, and stored in an isolated safe there for another year, and will be subsequently destroyed by DIV after the end of that year. The Compliance Officer issues the order to do this. The digital files are not retained any longer than the physical data.

Data security

All data is stored in a secure and shielded environment to which only the Compliance employees have access. This is a fireproof safe for the physical data and, for the digital data, this is safeguarded by technical access security systems.

Request for inspection or amendment of data

Every employee is entitled to inspect his own personal data processed by the Compliance & Integrity department. If you wish to do so, you can also submit a written request for correction, addition, removal or amendment of the data about you, which are recorded in the Compliance Database. Compliance & Integrity will use the procedure and deadlines as set out in the Wbp for such a request.