



Regulations for ancillary activities

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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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Introduction

All AFM employees must realise that they cannot perform any ancillary activities that could involve the risk of or the risk of the appearance of a conflict of interests with the activities that they perform for the AFM, or which could involve reputational risk for or damage to the AFM's image. This does not only apply to activities performed at or for institutions subject to regulation by the AFM. The scope of these regulations is wider than this.

This document contains further explanation of the operation of these regulations, the test criteria that are used, and how and when reports should be made to and/or advice should be requested from the Compliance Officer.

1. Operation of the regulation

Paid ancillary activities

In principle, AFM employees may not perform any paid ancillary activities for third parties or for their own account without prior written permission from the AFM. The term 'in principle' is used to appeal to the employee's sense of professional responsibility. There are in fact activities which will always be permitted and for which approval from the

Management Board is not necessary (see also the examples given in these regulations). The main considerations as to whether ancillary activities need to be registered are:

- Could the performance of the ancillary activity concerned damage the AFM's reputation?
- Could the performance of such ancillary activities cause a conflict for the employee with his own work at the AFM?
- Could the ancillary activity involve so much time and attention that the employee might be unable to adequately perform his duties for the AFM?

If the answer to any of these questions is 'yes', the AFM should approve the ancillary activity first. For paid activities approval must be obtained from the Management Board, for unpaid activities approval should be obtained from your line manager. It makes no difference whether the activity is on a one-off basis or not.

The declaration form is attached to this memo and should be sent to the Compliance & Integrity Department (C&I) (either in hard copy form or as a scan to compliance@afm.nl). The declaration includes a written agreement with your manager. The Compliance Officer attaches a recommendation to the form and sends it to the Management Board. The Board assesses whether the activities could potentially involve a conflict of interests or reputational damage.

Unpaid ancillary activities

Unpaid ancillary activities do not have to be approved in advance by the AFM's Management Board. Employees should, however, obtain prior approval for the ancillary activity from their line manager. The same considerations apply as those described in the previous paragraph. After approval from their line manager, the employee should apply to the Compliance Officer for acceptance of the ancillary activities (via compliance-integriteit@afm.nl). If he sees reason to do so, the Compliance Officer may issue a recommendation. If the employee does not agree with the recommendation by the Compliance Officer and/or no agreement can be reached with his line manager, the Management Board may be asked to make a decision.

Naturally examples exist of ancillary activities which clearly do not entail a problem for either the employee or the AFM. To clarify the distinction, a number of examples are given below:

Examples

- If an employee wishes (either on one or more occasions) to help his parents with sales in their antique shop, this of course does not require approval from the Board. No approval is required from the line manager in this case either.
- A voluntary function, such as the management of one's football club, does not have to be reported. However, if the ancillary activity involves the financial affairs of the association, approval must be obtained from your line manager and the Compliance Officer must be informed regarding the results.
- If you wish to write an article under your own name on the operation of financial products, you must obtain prior approval from your line manager and notify C&I of the results. If you receive payment for writing the article, approval must be obtained from the Board.
- If you are asked to teach or lecture at an institute or university on the basis of the expertise that you have accumulated partly at the AFM, you should obtain approval from your line manager or the Board before you accept.
- You have just moved in with your partner and you want to let the house that is now vacant. Letting your second home does not require the approval of the AFM. If you are letting property on a commercial basis, this does require the prior approval of the Board.
- If you work part-time for the customer service department of a department store where insurance products are also sold, you must obtain prior approval from the Board.

In case of doubt, always ask the Compliance Officer for advice!

2. Scope of these regulations

2.1 Employees

These regulations apply to all employees with an employment contract with the AFM. In the case of external employees (such as consultants), the other activities they perform must in any case not conflict with the activities they perform at or for the AFM (in other words, potential conflicts of interests must be avoided). The AFM employee who is responsible for engaging the consultant should be aware of this and ask the appropriate questions during the acceptance process.

2.2 Management Board

Pursuant to the AFM's articles of association, members of the Management Board are not permitted to take paid or unpaid positions at an institution licensed by the AFM or another financial regulator, or registered pursuant to one of the financial regulatory Acts, or at an issuing institution. Ancillary activities may only be performed by members of the Management Board if an opinion of no objection has been obtained from the AFM's Supervisory Board. The Supervisory Board always asks the Compliance Officer for advice prior to this decision being taken. The Compliance Officer is also informed if the advice given is not adopted.

2.3 Objections procedure

If an employee cannot accept the position taken by their line manager, the Management Board can be asked to give its opinion in addition to the Compliance Officer's recommendation. The employee may object to the judgement of the Management Board to the chairman of the Management Board, or when the case is dealt with by the chairman of the Management Board, to the chairman of the Supervisory Board.

2.4 Registration of ancillary activities

As of 1 April 2010, the Compliance Officer registers all the reported ancillary activities performed by all employees.

2.5 Annual confirmation

Each year, the employee will be asked to notify or confirm their ancillary activities to the Compliance Officer at the time of signing their declaration of assurance and compliance confirmation.

2.6 Non-compliance with the regulations

Failure to report or promptly report the acceptance of ancillary activities in cases where approval is required or has been withheld can, if identified, lead to sanctions in accordance with the AFM's enforcement policy for integrity violations.

Declaration form for ancillary activities

Name	
Organisation unit of the AFM	
Position/duties at the AFM	
Substance of the ancillary activity	
Method of remuneration	

Approved by line manager

Name:

Signature:

Date:

Recommendation by C&I	
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If the ancillary activity is paid, approval by the Management Board is required:

Signature:

Date:

Please send this form to Compliance & Integrity (compliance@afm.nl).