



Regulation for Gifts, Invitations and Remuneration for External 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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1. Introduction

The integrity and independence of the AFM and its employees must be beyond doubt at all times. The AFM applies various conduct rules to this end that form part of the AFM's integrity policy¹. The Regulations for Gifts, Invitations and Remuneration for External Activities is one element of this integrity policy. This document states the regulations applying to the acceptance of gifts, invitations and/or remuneration for external activities. The regulations apply to all employees with an employment contract with the AFM and all other employees that act on behalf of the AFM.

An employee may never accept a gift or invitation if this is offered for the purpose of motivating the employee to either take an action that is not part of his or her duties that should be part of his or her duties. The gift or invitation must always be refused in such cases. Any appearance of corruption must also be avoided. It must be made clear that AFM employees cannot be bribed. Caution and reserve are therefore in general the correct attitude with regard to the acceptance of gifts, invitations and remuneration.

¹ In other words, the overall Integrity Policy (professional accountability policy).

2. Principles for the acceptance of gifts, invitations and remuneration for external activities

2.1 Gifts

A gift received by an employee for or on behalf of the AFM may in principle be accepted subject to the provisions in these regulations. Employees must at all times avoid any appearance of a potential conflict of interests (or damage to the AFM's reputation), maintain their independence and exercise reserve with regard to acceptance. This last point applies mainly to gifts that are offered repeatedly.

- Gifts in the form of cash are not accepted.
- Gifts with an estimated value of up to €50 (with the exception of gifts with a negligible value such as writing pads, pens, etc.) must be reported within seven days of receipt to the employee's manager² and to the Compliance & Integrity (C&I) Department. The C&I department will provide advice on the matter on request.
- Gifts with an estimated value of more than €50 may in principle not be accepted. If an employee wishes nevertheless to accept such a gift, they must submit a request for acceptance giving their reasons to their manager (or in the manager's absence the director with responsibility) within seven days of receipt and must report the matter to C&I by e-mail. Should the advice of C&I not be followed, the result of the discussion with the manager must be reported to C&I by e-mail stating the reasons. C&I can in this case escalate the matter to the Management Group and will strive to deal with the escalation request within one week.

The considerations that C&I will take into account in its advice include the following:

- What action has the AFM taken for receiving this reciprocation?
- What is the relationship between the AFM and the institution concerned? (e.g. institution subject to regulation or not, commercial relation or not)
- In what capacity has the gift been received? The timing of receipt is also significant here

If it is known in advance that a gift will be offered in thanks for an external activity, it is advisable to send a copy of the current gift regulations stating the guidelines regarding the value of gifts etc. to the activity's organisers before the activity takes place. The refusal or return of a gift may cause embarrassment to the giver.

² Reference to 'manager' in these regulations means an employee's line manager.

Examples

- If for instance you are offered a bottle of wine or a gift voucher by an institution (whether subject to regulation or not) after an external activity such as a presentation, you may accept the gift as long as its value is within the €50 guideline. Extra caution should however be exercised in relation to institutions subject to regulation, given the AFM's independent role.
- If, as an AFM employee, you are offered tickets for a sporting event without any action being carried out on your part, you are not permitted to accept.
- If you receive a gift at an event that is presented to everyone who attends, you may accept it as long as the gift meets the conditions of these regulations.
- If you are offered a gift by an institution during negotiations with this institution (for example during an invitation to tender) it is not permitted to accept such a gift as the independence of the AFM must be protected and the appearance of a conflict of interest must be avoided.

2.2 Invitations

An invitation received by an employee for or on behalf of the AFM may in principle be accepted, subject to the provisions in these regulations. Employees must at all times avoid any appearance of a potential conflict of interests (or damage to the AFM's reputation), maintain their independence and exercise reserve with regard to acceptance.

Invitations to receptions (drinks, dinners, company visits, seminars etc.) or cultural events and related entertainments may be accepted after discussion and agreement with your manager. Only in case of doubt and/or increased risk of compromise for yourself or the AFM (in other words, a potential conflict of interests involved in acceptance or attendance) should you ask the C&I Department for advice before accepting the invitation.

Important considerations for acceptance are:

- Invitations to attend events may in principle be accepted if participation in the event is demonstrably in the interests of the AFM and/or the employee's duties at the AFM. This also applies to the employee's partner, if the invitation includes the partner and if attendance by the partner is acceptable and attendance is necessary in order that the AFM should be adequately represented.
- The advice from C&I to an employee regarding whether they should accept an invitation or not is always confirmed to the employee by e-mail. Should the advice of C&I not be followed, the result of the discussion with the manager must be reported to C&I by e-mail stating the reasons. If no agreement can be reached, the matter can be escalated to the Management Group.

The Management Group itself makes a selection from the invitations received that it wishes to follow up. In case of doubt and/or increased risk of compromise for members of the Management Group or the AFM (in other words, a potential conflict of interest involved in acceptance or attendance) the C&I Department should be asked for advice before accepting the invitation.

If the Management Group wishes to ignore the advice from C&I, it should notify C&I accordingly stating its reasons. If this leads to a difference of opinion, both parties have the option of escalating the matter to the Chairman of the Supervisory Board.

- Invitations for free access to congresses or seminars may be accepted if access is free to everyone or if an AFM employee is contributing as part of their duties (for instance, giving a lecture or a presentation). Free attendance by colleagues must however be in proportion to the performance given by the AFM employee.

The considerations regarding the acceptance of invitations are:

- ✓ Acceptance must be demonstrably relevant for the AFM and/or the employee's position at the AFM
- ✓ Acceptance must not imply any appearance of a conflict of interests
- ✓ The total number of invitations must be proportionate (i.e. in proportion to the performance given).

Examples

- If due to your position as an AFM employee you are invited by an institution subject to regulation (such as a major bank) to attend an event, the following examples apply:
 - acceptance of an invitation to attend a reception in a 'skybox' at a football stadium is not permitted.
 - acceptance of an invitation to attend a round-table discussion of a theme such as 'the credit crisis' is permitted.
- If an AFM employee gives a speech at a congress that may be attended by some 250 people, the number of free tickets that may be accepted by other AFM employees must be proportionate. This is determined on the basis of the ticket price, the context of the congress and its maximum capacity. For instance, if the tickets cost €750 and 10 AFM employees are given free tickets, this could be seen as disproportionate.

2.3 Remuneration or allowances for external activities (on behalf of the AFM)

This paragraph deals with the question of whether a remuneration can be accepted for external activities or not. It does not deal with the content and suitability of the external activity (at the

time). The substance of external activities should therefore always be agreed in advance with the Communication Department.

The following principles apply to remuneration for external activities (such as a presentation or lecture):

- Remuneration for activities that are not directly related to your position or duties at the AFM and carried out in your own time is covered by the Regulations for Ancillary Activities of the AFM. This might concern a teaching post at a university or educational institute, or the writing of an article under one's own name in a professional journal.
- Remuneration received for an external activity based on your position or duties at the AFM must be paid to the AFM in full. This can be arranged by having an invoice prepared in advance by the Planning, Control & Finance Department. This is because the costs incurred are mostly recovered from the market subject to regulation by the AFM. In the above situation it is assumed that there is no appearance of a conflict of interests.
- Remuneration received for (normal) activities on the basis of your position or duties at the AFM may be received personally if the work is carried out in your own time and the work has been approved in advance by your manager and the C&I department. The assessment takes account of both the amount of the remuneration in comparison to the work carried out and the question of whether there may appear to be a conflict of interests.
- Expenses for travel and accommodation for employees are in principle paid by the AFM. If payment of such expenses is offered by a third party, this can only be accepted if the payment is in proportion to the performance to be given and acceptance would not give any impression of a conflict of interests.

When planning external activities, take account of the guideline issued by the Communication Department: Guideline regarding external activities.

3. Other information

3.1 Offering gifts, invitations and remuneration for activities on behalf of the AFM

Gifts may be offered on behalf of the AFM or its employees to parties as thanks for the giving of a lecture or presentation, for example. The principle is the same as that which applies to the receiving of gifts as described in these regulations. Only in circumstances at Management level where the above principles might be inappropriate is a different course of action permitted, after approval by the C&I department. This might apply for instance to visits by the Management Group to a foreign regulator. The gift of a bottle of wine worth €50 would not be appropriate in this case. For the declaration of the costs incurred, please refer to the AFM's declaration scheme.

3.2 Management of the regulations

If you have questions regarding the substance or application of these regulations, you can always contact the C&I department. Questions should preferably be addressed to the the C&I department by e-mail to compliance@afm.nl.

3.3 Non-compliance with the regulations

Measures may be taken in cases where these regulations are not or not adequately observed, in accordance with the AFM's enforcement policy for integrity violations.

3.4 Date of effectiveness

These regulations take effect on 1 April 2010 and remain in force until an employee leaves service. These regulations replace the previous regulations dated 1 April 2010.