

**ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY**

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS**

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## Document Control

Revision History			
Date	Change	Version	Author
1 June 2018	Initial version	1.0	Cheryl McGinley

## Introduction

- 1) This Code has been prepared to assist Members to understand their duties and obligations in carrying out their functions. Members are expected to ensure that all activities relating to their function in relation to the Authority are at all times governed by the highest ethical standards including those reflected in this Code.
- 2) Members are expected to ensure that they read and understand this Code and all updates, additions and amendments which may be introduced from time to time.
- 3) The Code will be reviewed on an annual basis (or more frequently if necessary) and updated as required.
- 4) If there is any doubt as to the application of any provisions of the Code or if further guidance is needed, Members should in the first instance contact the Secretary to the Board unless otherwise stated.
- 5) Members should also have regard to the Isle of Man Government Code, Part 6, which relates to Statutory Boards.

## Interpretation

- 6) **“Authority”** means the Isle of Man Financial Services Authority.
- 7) **“CEO”** means the Chief Executive Officer of the Authority.
- 8) **“Closely connected parties”** means spouses, co-habitees (i.e. a person, whether or not of the opposite sex, living with the Member in a relationship similar to that of husband and wife), children under the age of 18, any other persons for whom Members take financial decisions and trusts of which the Member is a trustee.
- 9) **“Code”** means the Code of Conduct for Members of the Isle of Man Financial Services Authority.
- 10) **“Government Code”** means the Government Code issued by the Council of Ministers.
- 11) **“Member”** means a Member of the Isle of Man Financial Services Authority.
- 12) **“Regulated entity”** means a licenceholder under the Financial Services Act 2008, persons authorised, registered or granted a permit under the Insurance Act 2008 and persons registered under the Retirement Benefits Schemes Act 2000. The term also encompasses collective investment schemes established under the Collective Investment Schemes Act 2008.
- 13) **“Designated Business”** means an entity registered with the Authority under the Designated Businesses (Registration and Oversight) Act 2015.

## General Conduct

- 14) Members are required to discharge their duties and responsibilities with the highest standards of integrity and should at all times exercise due care, skill, prudence and diligence and act in the utmost good faith in the discharge of their functions.
- 15) Members are required to treat one another and Authority management and staff with respect, civility and cooperation.
- 16) Members should attend Board meetings and, where relevant, Committee meetings on a regular and punctual basis and should review and devote sufficient time to all relevant materials in order to make informed decisions on matters being considered at the specific meetings.
- 17) Members are appointed to the Authority on the basis of their professional competence and it is their responsibility to ensure that they take appropriate measures to ensure that their knowledge, skills and expertise are kept up to date.

## Confidentiality

- 18) Restricted information received through Board membership cannot be communicated to third parties other than under statutory gateways.

## Conflicts of interest

### *General*

- 19) It is important that the Members of the Authority have the necessary knowledge and experience of the financial services industry to allow them to suitably discharge their duties. In order to attain the relevant knowledge and experience it is possible that through their employment history, existing roles or other associations, Members have private interests which could result in a potential conflict of interest in matters to be considered or determined by the Authority.
- 20) For public confidence, it is important that the Authority's regulatory action is, and is seen to be, taken in the best interests of the public/users of financial services and to be unaffected by any improper influence. It is, therefore, important that any conflicts of interest that could or do arise are identified and effectively managed and that a perception is avoided that:
  - a) an individual could be unduly influenced or may not be wholly independent, disinterested and impartial when acting as a Member of the Board of the Authority; or
  - b) an entity with which the Member is connected may have an unfair competitive advantage by reason of assumed access to information or policy thinking.
- 21) Members should not use their position to assist private persons in their dealings with the Authority where that would result in preferential treatment of that person, or privileged access to the Authority by that person.

22) The principles for managing conflicts of interest are:

- a) Members should always act with honesty and integrity;
- b) Members should ensure that any knowledge or information acquired through being a Member of the Authority is not used to benefit themselves or others;
- c) Members should ensure that they are not open to (or perceived to be open to) improper influence through the acceptance of gifts or hospitality; and
- d) Members should ensure that any actual or potential conflict of interest is disclosed and the manner in which it should be managed agreed.

23) In determining whether there is a conflict, consideration should be given to whether an independent third party might reasonably take the view that there is a real risk that the impartiality of the Member's judgement or course of action might be affected by the conflicting interest.

### *Dealing in investments and taking on new interests post appointment*

24) While it is recognised that Members may have potential conflicts of interest at the time of their appointment to the Authority, they are required to observe certain restrictions on dealing in investments and on taking on new interests after their appointment as follows:

#### *Dealing in investments*

25) Dealing in investments in Regulated entities and Designated Businesses (or in entities belonging to the same groups) is not permitted except where investments have been acquired quasi involuntarily such as through dividend reinvestment. Where a quasi-involuntary transaction results in the Member's interest in an entity breaching the threshold of £13k or 5% of issued share capital, the CEO and Chair/Deputy Chair must be notified as soon as practicable after the transaction has taken place.

#### *Taking on new interests*

26) Generally Members are not permitted to take on a position with a Regulated entity. However, there may be exceptional circumstances where such an appointment might be permissible in which case the CEO and Chair/Deputy Chair must receive advance notice and all parties must agree that any conflict can be managed in a satisfactory manner. In addition, the Treasury Minister will be notified on a post facto basis of the decision of the Authority.

27) Where Members wish to take on a position with an entity which belongs to the same group as a Regulated entity, they must provide the CEO and Chair/Deputy Chair with advance notice and all parties must agree that any conflict can be managed in a satisfactory manner. In addition, the Treasury Minister will be notified on a post facto basis of the decision of the Authority.

28) Where Members wish to take on a position with a Designated Business, they must provide the CEO and Chair/Deputy Chair with advance notice and all parties must agree that any conflict can be managed in a satisfactory manner.

### *Transitional provisions*

- 29) The restriction covered by paragraph 25 is a change to historic procedures and so there is a transitional provision for Members in situ prior to 1 June 2018 in respect of the restriction on dealing in investments in Regulated entities and Designated Businesses. This is permitted subject to the CEO and Chair/Deputy Chair being notified of the transaction within 7 days of it taking place where it results in the Member's interest in that entity breaching the threshold of £13k or 5% of issued share capital.

### *Termination of appointment as a Member*

- 30) When a Member's appointment is terminated, the Member is not permitted to deal in the investments of, or be appointed to a position with, a Regulated entity or an entity in the same group for a period of 3 months from the date on which his or her appointment as a Member is terminated.

### *Disclosure of interests*

- 31) On appointment to the Board, Members should complete, in respect of themselves and closely connected parties, a Disclosure of Members' Interest form (which is attached at Appendix 1) with the following details.

- a) Any position held as a director, controller, partner, company secretary or other position (including actuarial or auditing functions) whether salaried or not, and whether full or part time, with any entity which is a Regulated entity or a Designated Business. This also applies to any position held with an entity which is part of the same group as those entities. Positions held in the 6 years prior to the date of disclosure should also be reported, whether of an employed or non-executive nature.

Members are required to provide details of the position held, the name of the entity, the commencement date (and termination date if applicable) and whether the position is held by the Member or a closely connected party.

- b) Any positions with other financial services entities which are regulated by another financial regulator, and do not fall within a), whether on the Isle of Man or elsewhere, or which may have contractual or other relationships with Regulated entities or Designated Businesses. Positions with non-financial services entities do not automatically have to be disclosed. However, Members should be aware of the possibility of conflicts arising from such positions, and should consider registering any such interests as appropriate, or informing the Chief Executive, should they become aware of a conflict.

Members are required to provide details of the position held, the name of the entity, the commencement date and whether the position is held by the Member or a closely connected party.

- c) Investments held in any Regulated entity or Designated Business or in an entity in the same group, where the value of the investment is in excess of £13k or where more than 5% of the issued share capital of the entity is held.

Members are required to provide the name of the entity, the type of holding and whether it is held by the Member or a closely connected party.

- d) Investments held in any financial services entity which is regulated by another financial regulator, whether on the Isle of Man or elsewhere, or which may have a contractual or other relationship with a Regulated entity or Designated Business. Investments with non-financial services entities do not automatically have to be disclosed and entered on the register. However, Members should be aware of the possibility of conflicts arising, and in those circumstances should consider registering any such interest as appropriate.

Members are required to provide the name of the entity, the type of holding and whether it is held by the Member or a closely connected party.

- e) Significant personal interests (i.e. directorships or significant ownership) in entities not involved in the provision of financial services, including professional and trade bodies, which could give rise to a conflict of interest. Such interests could include involvement in an entity which may supply goods or services to the Authority, an interest in an entity facing significant legal or financial difficulties or the membership of organisations with strong views on, or which are lobbying Government on, financial or legislative matters which are either politically sensitive or could impact the financial services industry.

Members are required to identify the type of interest, the name of the entity, commencement date if it is a position held and whether it is in relation to the Member or a closely connected party.

- f) Pension arrangements, administered, managed, invested or advised upon by registered entities on the Isle of Man, or where the trustees are regulated either as individuals or as part of a corporate entity.

Members are required to provide details of the entity, service and policy as appropriate and whether it is in relation to the Member or a closely connected party.

- g) Any position as a trustee or investment advisor to a trust which holds assets, which, if they were in the name of the Member or a closely connected party, would require disclosure. Acting as an executor is excluded from this requirement. Where a Member has a Self-Invested Pension Plan ("SIPP"), disclosure of the underlying assets is only required where the Member is involved in the investment decisions (for Members not subject to the transitional provisions in paragraph 29 this situation should only arise if they hold the SIPP on appointment).

Members are required to provide the name of the trust, or details of the pension plan, and to identify the underlying assets if disclosure is required.

- h) Consultancy or contractual services (current or in the past three years) provided to any Regulated entity or Designated Business or to an entity in the same group.

Members are required to provide the name of the entity, the services provided and the period over which services were provided.



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- i) A relationship with any intermediary, brokerage, stockbroker, corporate service provider, trust services provider and/or investment advisor regulated on the Isle of Man, which results in commission being accrued and/or paid to the Member or a closely connected party, or in special/advantageous rates being offered, or enhanced investments being made.

Members are required to provide the name of the entity and the type of relationship .

- j) Details of banks licensed by the Authority with whom Members hold:

Individual and/or joint current accounts  
Individual and/or joint deposit accounts  
Any other borrowing or financial relationship

Members are required to provide the name of the bank, the date the account was opened or the arrangement was entered into and whether these are in the name of the Member or a closely connected party.

Members are also required to disclose the names of banks outside the Isle of Man with whom they hold such accounts that are within the same group as a bank(s) licensed by the Authority.

- k) Details of any policies of insurance (including pensions), both life and general, held with any insurer which is regulated by the Authority, or where any parent, subsidiary or other group company of the insurer is regulated by the Authority. This includes capital redemption bonds, endowment policies and annuity contracts.

Members are required to provide the name of the insurer, the type of policy and whether it is held by the Member or a closely connected party.

- l) Details of membership of any professional bodies and/or trade associations.
- m) On completion of the form, Members should consider whether there are any other positions, relationships or investments which have not been disclosed and which could be influenced or affected by information that may come to the notice of the Authority and if there are, these should also be detailed on the form.

32) The completed form is confidential and is only accessible by the Chief Executive, Chair/Deputy Chair of the Authority and the Secretary to the Board. Its contents are recorded on the register of Members' interests which is maintained by the Authority.

33) Members should review the disclosures made on the Disclosure of Members' Interest Form on an annual basis and confirm to the Secretary of the Board that they remain accurate.

34) Notwithstanding the above, Members should notify in a timely manner the Chair or Deputy Chair and CEO of any relevant change in their personal situation or those of closely connected parties during the period of their appointment, which could result in the creation or removal of an existing conflict of interest. This should be carried out as soon as is practicable. Where this results in a Member no longer holding a position with a Regulated entity, this will still be treated as a potential conflict for the following three months.

### *Register of interests*

- 35) The Chair and/or Deputy Chair and the CEO will review all interests disclosed on the Disclosure of Members' Interest form and request any clarification as required. All interests are recorded on a register of interests to be maintained by the Secretary to the Board.
- 36) The register should be updated by the Secretary to the Board if any changes in a Member's personal situation or connections are disclosed to the Authority.
- 37) The register is confidential and is only accessible to Members of Tynwald, the Council of Ministers, the CEO, the Accounting Officer, all Board Members, the Secretary to the Board, Senior Staff of the Authority and the External Auditors in line with the Government Code, Part 6.

### *Safeguards following disclosure of interests*

- 38) Prior to any meetings of the Board of the Authority and its Committees, the relevant agenda will be reviewed by the Secretary to the Board to identify any potential conflicts for Members, based on the register of interests. Where there is a conflict, the Member(s) concerned will not be given the paper or information relating to the agenda item involved.
- 39) At the beginning of each Board meeting, there is an agenda item to allow any potential conflicts to be declared. This includes any interests recorded on the register and any new interests.
- 40) Members should not generally participate in the discussion of matters in which they or closely connected parties have a significant personal interest and should absolutely not take part in any decision-making. In such cases it is expected that the relevant Member should leave the meeting.
- 41) Where the interest is in an entity not directly connected with a Regulated entity or a Designated Business (or another entity in the same group), the Chair of the meeting, together with other Members of the Board present, should determine whether participation in the discussion or determination would suggest a real danger or perception of bias and if so, the relevant Member should leave the meeting. Depending on the precise matter, the CEO might agree in advance with the Chair/Deputy Chair (and the Member involved) that he or she should not participate in discussions nor receive papers relating to the matter.

### *References*

- 42) Although Members may wish to provide references for individuals, they are not permitted to do so where the reference forms part of the Authority's fit and proper assessment of an individual nor where an individual is applying for a role at the Authority, including potential Board applicants.

## Acceptance of Gifts, Hospitality and Travel

### *Gifts*

- 43) As a general rule, gifts are considered to be anything with an apparent value of £50 or more.
- 44) No Board Member should accept gifts from anyone which would, or might appear to, place him or her under an obligation. The same principle applies if gifts are offered to a closely connected party.
- 45) Gifts of an apparent value of less than £100 may be retained by the recipient.
- 46) Gifts of an apparent value of £100 or higher should be handed over to the Board for disposal, except that:
- a) The recipient may purchase the gift at its cash value (abated by £100);
  - b) If the recipient wishes to reciprocate with, and pay for, a gift of equivalent value, the gift received may be retained;
  - c) If the Board judges that it would be of interest, the gift may be displayed or used in the Authority;
  - d) If the disposal of the gift would cause offence or if it might be appropriate for the recipient to use or display the gift on some future occasion as a mark of politeness, then the gift should be retained by the Authority for this purpose.
- 47) Gifts given to Members in their capacity as Members become the property of the Authority unless the Member wishes to keep the gift (if it is below the threshold of £100) or to purchase it.
- 48) All gifts should be reported to the Chief Executive and Secretary to the Board and should be recorded on the Board Members' Gifts and Hospitality Register.

### *Hospitality*

- 49) Travel within the Island and hospitality provided within normal bounds, which is infrequent or reciprocated is acceptable (e.g. attendance as a guest at formal dinner, reception, etc.).
- 50) Attendance at conferences, dinners, exhibitions, etc. off-Island is likely to involve more significant costs and as a general rule an offer of such travel and accommodation should not be accepted. Should a Member believe that acceptance of such an offer can be justified, he or she should discuss this with the Chair or Deputy Chair.
- 51) No Board Member should accept hospitality from anyone which would, or might appear to, place him or her under an obligation. The same principle applies if hospitality is offered to a closely connected party.
- 52) All hospitality of an apparent value of £100 or higher should be reported to the Chief Executive and Secretary to the Board and should be recorded on the Board Members' Gifts and Hospitality Register.

### *Travel*

53) When Members travel off-Island on official Government business their travel expenses should be borne by the Authority. When any expenses are not met in this way, Members must ensure that no undue obligation is involved, recognising that accepting offers of free travel can be misinterpreted.

### **Public disclosure of Members' interests**

54) In the interests of transparency, the Authority publishes the following information on its website in respect of the direct personal interests of Members.

- a) Any position held as a director, controller, partner, company secretary or other position (including actuarial or auditing functions) with any Regulated entity or Designated Business or a member of the same group, currently or within the past six years. The Member's name, position held, name of the entity and date of appointment will be disclosed. The date of termination will also be disclosed if applicable.
- b) Investments held in any Regulated entity or Designated Business or a member of the same group, where the value of the investment is in excess of £13,000 or where more than 5% of the issue share capital of the entity is held. The Member's name, the name of the entity and the type of holding will be disclosed.

### **Personal Account Dealing by Members**

55) As Members have access to confidential information about entities regulated by the Authority, it is important that they can demonstrate that proper arrangements are in place which show that individual investment decisions have not been influenced by information made available in confidence to the Authority and in the course of its business.

56) Paragraphs 24 and 25 set out restrictions applying to Members in respect of dealing in investments.

57) Members are reminded that the use of confidential information, whether or not about entities regulated by the Authority, or those in the process of applying for a licence, and whether for personal dealings or for procuring any other person to deal, may give rise to prosecution under the Insider Dealing Act 1998.



2. Any positions with other financial services entities which are regulated by another financial regulator, and do not fall within (1), whether on the Isle of Man or elsewhere, or which may have contractual or other relationships with a Regulated entity or a Designated Business. Positions with non-financial services entities do not automatically have to be disclosed. However, Members should be aware of the possibility of conflicts arising from such positions, and should consider registering any such interests as appropriate, or informing the Chief Executive should they become aware of a conflict.

<b>Position</b>	<b>Entity</b>	<b>Dates (From:To)</b>	<b>Own/closely connected party</b>

3. Investments held in any Regulated entity or Designated Business or in an entity in the same group, where the value of the investment is in excess of £13k or where more than 5% of the issued share capital of the entity is held.

Investments include, but are not limited to, shares, bonds, warrants, partnership rights, units (within a unit trust), and should generally be considered to include all means by which a financial interest may be taken in an entity. Where necessary, this may also mean loans made to an entity. Share options and similar instruments or incentives, where the investments are not yet held but where they may become the property of a Member in the future should also be disclosed.

<b>Entity</b>	<b>Holding Type</b>	<b>Own/closely connected party</b>

4. Investments held in any financial services entity which is regulated by another financial regulator, whether on the Isle of Man or elsewhere, or which may have a contractual or other relationship with a Regulated entity or Designated Business. Investments with non-financial services entities do not automatically have to be disclosed and entered on the register. However, Members should be aware of the possibility of conflicts arising, and in these circumstances should consider registering any such interest as appropriate.

<b>Entity</b>	<b>Holding Type</b>	<b>Own/closely connected party</b>

5. Significant personal interests (i.e. directorships or significant ownership) in entities not involved in the provision of financial services, including professional and trade bodies, which could give rise to a conflict of interest. Such interests could include involvement in an entity which may supply goods or services to the Authority, an interest in an entity facing significant legal or financial difficulties or the membership of organisations with strong views on, or which are lobbying Government on, financial or legislative matters which are either politically sensitive or could impact on the financial services industry.

<b>Type of interest</b>	<b>Name of entity</b>	<b>Commencement date (if a position)</b>	<b>Own/closely connected party</b>

6. Pension arrangements, administered, managed, invested or advised upon by registered entities on the Isle of Man, or where the trustees are regulated either as individuals or as part of a corporate entity.

<b>Entity</b>	<b>Service/Policy Type</b>	<b>Own/closely connected party</b>

7. Any position as a trustee or investment advisor to a trust, which holds assets which, if they were in the name of the Member, would require disclosure. Acting as an executor is generally excluded from this requirement. Where a Member has a Self-Invested Pension Plan, disclosure of the underlying assets is only required where the Member is involved in the investment decisions.

<b>Name of trust/details of pension plan</b>	<b>Underlying assets (if required)</b>

8. Consultancy or contractual services (current or in the past three years) provided to any Regulated entity or Designated Business or to an entity in the same group.

<b>Entity</b>	<b>Services provided</b>	<b>Period of provision of services</b>

9. A relationship with any intermediary (life and pensions, and general intermediaries), brokerage, stockbroker, corporate service provider, trust services provider and/or investment advisor regulated on the Isle of Man, which results in commission being accrued and/or paid to the Member or a closely connected party, or in special/advantageous rates being offered, or enhanced investments being made.

<b>Entity</b>	<b>Relationship</b>	<b>Own/closely connected party</b>



10. Any details of banks licensed by the Authority with whom you hold:

- Individual and/or joint current accounts
- Individual and/or joint deposit accounts
- Any other borrowing or financial relationship

You should also disclose the names of banks outside the Isle of Man with whom you hold such accounts that are within the same group as a bank(s) licensed by the Authority.

<b>Name of bank</b>	<b>Date commenced</b>	<b>Own/closely connected party</b>

11. Policies of insurance (including pensions), both life and general, held with any insurer which is regulated by the Authority, or where any parent, subsidiary or other group company of the insurer is regulated by the Authority. This includes capital redemptions bonds, endowment policies and annuity contracts.

<b>Entity</b>	<b>Policy Type</b>	<b>Own/closely connected party</b>

12. Details of membership of any professional bodies or trade associations.

<b>Name of professional body or trade association</b>

13. Any position, relationship or investments not covered within the foregoing clauses, which may be influenced or affected by information which may come to the notice of the Authority.

Position/relationship / investment	Entity	Dates (From:To)	Own/closely connected party

**🔒 Data Protection Notice**

The Authority is registered with the Information Commissioner as a data controller under Isle of Man data protection legislation. The Authority collects and processes personal data to carry out its functions under relevant legislation and may share personal data with other parties where there is a legal basis for doing so. Information on how the Authority collects and processes personal data can be found in the [Privacy Policy](https://www.iomfsa.im/terms-conditions/privacy-policy/) on the Authority’s website:

<https://www.iomfsa.im/terms-conditions/privacy-policy/>

Please call **+44 (0)1624 646000** if you have any queries.

