

Code of Conduct for Members of the Executive Board of BaFin

*[This translation is furnished for information purposes only.
The original German text is binding in all respects.]*

(„Executive Board Code of Conduct dated 1 July 2021“)

The rules of good conduct laid down in this code of conduct are subsidiary to the rules of good conduct resulting from the Act Establishing the Federal Financial Supervisory Authority (*Finanzdienstleistungsaufsichtsgesetz – FinDAG*) and from contracts concluded pursuant to section 9 (6) of the FinDAG.

1. Basic principles

- 1.1. The members of the Executive Board must fulfil their duties without bias or self-interest.
- 1.2. In performing their official duties, they must act without regard for their own interests. They must avoid situations that may lead to personal conflicts of interest and must disclose unavoidable personal conflicts of interest to the Federal Ministry of Finance (*Bundesministerium der Finanzen – BMF*). Personal conflicts of interest that may result in the transfer of assets to a member of the Executive Board or to their relatives within the meaning of section 20 (5) of the Administrative Procedure Act (*Verwaltungsverfahrensgesetz – VwVfG*) must be avoided in particular.

- 1.3. Members of the Executive Board must behave in a way that maintains and promotes the reputation of BaFin as well as public confidence in BaFin at all times.
2. Acceptance of benefits
 - 2.1. The members of the Executive Board are subject to the rules applicable to employees of BaFin regarding the acceptance of rewards and gifts.
 - 2.2. However, the following differences apply:

Gifts with a material value of more than 25 euros may be accepted if declining does not seem appropriate taking particular circumstances surrounding the benefit or any opposing national or international customs into account. Every six months, each member of the Executive Board must notify the BMF of any gifts accepted with a value of more than 25 euros via the compliance officer pursuant to point 7. The notification should include a suggestion for usage of the gift. The BMF decides how the gift is to be used. If the BMF comes to the conclusion that it would have been appropriate to decline the gift, then it must usually be returned. Notification to the BMF must also be given every six months for gifts with a value of less than 25 euros.
3. Invitations to events

Members of the Executive Board may accept invitations to conferences, receptions or cultural events, including appropriate hospitality, if the Executive Board member's participation in the event forms part of their official duties or is in the interests of BaFin. BaFin will bear any costs for travel or overnight accommodation that arise in connection with participation in such events if the event organisers do not assume these costs to an appropriate degree themselves.
4. Lectures and speeches
 - 4.1. Fees must not be accepted for lectures and speeches that are given by an Executive Board member in an official capacity i.e. that form part of their official duties or are to be regarded as part of their work in public relations or in representing the interests of BaFin.
 - 4.2. Costs for travel or overnight accommodation that arise as a direct result of such lectures or speeches may be assumed by the event organisers to an appropriate degree.
 - 4.3. If it does not seem appropriate to decline a fee taking particular circumstances or opposing national or international customs into account, then the fee must be transferred to BaFin.
 - 4.4. If there is any doubt as to whether a lecture or speech can be classified under point 4.1., the member of the Executive Board must seek the opinion of the compliance officer pursuant to point 7. If the doubts cannot be resolved in this way, then the decision will be taken by the BMF.

5. Ancillary activities

Section 9 (4) of the FinDAG applies to ancillary activities.

6. Voluntary work and other roles

In order to hold offices or perform roles at other institutions, e.g. membership of an association or committee or editorial roles, the Executive Board member must have permission from the BMF unless such roles are performed as part of the Executive Board member's professional duties. Permission will be granted for offices in the academic or non-profit sectors provided these activities do not interfere with official interests.

7. Consultation for members of the Executive Board regarding issues of compliance | Compliance officer

Upon the recommendation of BaFin's President and with the approval of the BMF, the Executive Board appoints an employee of BaFin to receive the declarations and notifications required by this code of conduct and to advise members of the Executive Board on issues relating to compliance (compliance officer). The compliance officer may consult with the BMF regarding individual issues. The official relationship under public law between the members of the Executive Board and the BMF (section 9 of the FinDAG) remains unaffected by this rule.

8. Financial market transactions by members of the Executive Board

There may be no doubts surrounding private financial transactions. Information that has been obtained as part of the Executive Board member's official activities may not be used to their personal advantage.

The rules applicable to employees of BaFin under section 11a (1) sentence 1 of the FinDAG apply accordingly to members of the Executive Board:

8.1. Members of the Executive Board are prohibited from carrying out transactions in financial instruments within the meaning of section 2 (4) of the WpHG that

- a) are admitted to trading in Germany on an organised market within the meaning of section 2 (11) of the WpHG,
- b) were issued by financial corporations¹ that have their registered offices or a branch in the European Union, or
- c) were issued by companies supervised by BaFin or by companies belonging to a group containing a company supervised by BaFin,

or transactions based on financial instruments under a) to c) above.

8.2. Point 8.1 does not apply to the following:

- a) Financial instruments acquired before entry into force of this code of conduct or before the period in which this code of conduct becomes applicable to the

¹ Financial corporations are those within the meaning of Regulation (EU) No 549/2013 of 21 May 2013 on the European system of national and regional accounts in the European Union as last amended.

Executive Board member in question or after this time but without their involvement (for example through inheritance or as a gift), or financial instruments acquired as part of pension commitments from previous activities. Members of the Executive Board may keep such financial instruments.

- b) Disposals or acquisitions of financial instruments as part of portfolio management services within the meaning of section 2 (8) sentence 1 no. 7 of the WpHG in which there is no contact between the portfolio manager and the member of the Executive Board before conclusion of the transaction in question.
- c) Financial instruments under section 2 (4) no. 2 of the WpHG ("investment funds") unless their primary purpose is to invest in the financial instruments under point 8.1. b) or c).

8.3. Notification requirements

- a) Disposals or acquisitions of financial instruments that are not prohibited must be notified to the compliance officer within two weeks of order placement.
- b) Holdings in financial instruments under point 8.2. a) must be disclosed to the compliance officer without delay. For financial instruments under point 8.1., disposals or acquisitions of financial instruments from these holdings require pre-clearance; for all other financial instruments, the notification requirement under point 8.3. a) applies.
- c) Where members of the Executive Board begin making use of portfolio management services within the meaning of point 8.2. b), or where they terminate such services, they must provide notification to the compliance officer. Disposals or acquisitions of financial instruments that are carried out as part of portfolio management services which have been notified to the compliance officer do not require notification or pre-clearance.

8.4. Once the compliance officer has received a notification regarding a transaction in accordance with point 8.3. a), they review the transaction in question for indications of violations of this code of conduct.

8.5. The compliance officer initiates the review by an external auditor of the financial market transactions concluded by the individual members of the Executive Board in the previous year with regard to compliance with the requirements under point 8 of this code of conduct by no later than 31 March of the following year. To this end, the compliance officer transfers the notifications and any other documents they have received from the Executive Board members to the auditor. The external auditor reports the result of their review to the compliance officer. The compliance officer informs the BMF of the results of the review. Portfolio management transactions in which there is no contact between the portfolio manager and the member of the Executive Board before conclusion of the transaction in question are excluded from the review.

8.6. Executive Board members must provide the external auditor with adequate information regarding their financial market transactions, disclose the financial instruments they hold, provide relevant information regarding any portfolio management services, and submit the relevant required documentation.

9. Publication

The code of conduct, including any changes, will be published on BaFin's website.

This code of conduct applies from 1 July 2021.

Bonn, 29.06.2021

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