

Leaflet minimum content of staff transactions directives for financial institutions according to Art. 17 FinIA

1. General remarks

All financial institutions shall be appropriately organized in accordance with the Federal Act on Financial Institutions FinIA. In this regard, the supervisory organizations and the Swiss Financial Market Supervisory Authority particularly check that the financial institution set up comprehensive and appropriate directives concerning its planned and performed activities which comprise all possible risks, conflicts and duties within the meaning of the Financial Services Act FinSA.

This particularly includes directives concerning staff transactions. It shall be demonstrated that staff transactions are defined and permissibility thereof comprehensively regulated.

This leaflet is not exhaustive but lists all aspects which usually need to be laid down and reflect the minimum content from FINcontrol Suisse Ltd's perspective. The way in which staff transactions are regulated may vary. FINcontrol Suisse Ltd reviews compliance with above-mentioned aspects on the occasion of the (preliminary) affiliation as well as in the context of the ongoing supervision. Directives on staff transactions also form a mandatory document for approval by the Swiss Financial Market Supervisory Authority FINMA.

2. Content of directives

| | Subjects to be addressed | Remarks |
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| 1. | Objective / basis / target | <p>The directives shall initially describe the subject area and its goals:</p> <ul style="list-style-type: none"> - Understanding of what qualifies as staff transactions - Enabling those affected to identify their action as staff transactions - Clarity on how to correctly proceed in case of staff transactions <p>Furthermore, the directives must reference their underlying legal and regulatory principles (namely Art. 17 et. seq. FinSA and Art. 20 et. seq. FinSO).</p> <p>Finally, the directives shall clarify to whom they do apply (usually to all employees of the financial institution, including its highest governing body).</p> |
| 2. | Understanding of what qualifies as staff transactions, or-organizational measures | <p>The directives shall clarify what qualifies as staff transactions and to what extent staff transactions are admissible. Staff transactions are basically transactions carried out by the financial institution's personnel (incl. its highest governing body) with their private assets, for their own account and in their own name. As a result, it shall be defined to</p> |

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| | | <p>what extent legal, financial, reputational and/or other conflicts may arise to the financial institution (as well as to the employees concerned) from the defined transactions.</p> <p>The goal is to enable employees to independently identify in any conceivable situation a possible conflict in the context of staff transactions, to know which precautions need to be observed and how to behave.</p> <p>In addition, it shall be specified and determined to what extent organizational precautions were taken by the financial institution in order to (not) allow staff transactions, to monitor the same and, thus, avoid any disadvantage for the clients or, if conflict of interest is not avoidable, to disclose such conflict (cf. Art. 25 FinSA and Art. 26 FinSO).</p> |
| 3. | Admissibility of staff transactions | <p>The financial institution generally determines whether or not staff transactions are allowed and, if so, to what extent. Any rule may be linked to certain holding periods before any sale of acquired securities is again admissible. Prohibition of staff transactions per se is doable but rather unusual.</p> |
| 4. | Restrictions | <p>Often, financial institutions put certain investment instruments or securities under general (direct or indirect) acquisition ban.</p> <p>In addition, there may be situations where investments into certain securities are not permitted – in particular in relation to securities to be simultaneously traded as part of a client portfolio management known to the employee (front/parallel running).</p> <p>The financial institution is also at liberty to prohibit any staff transaction at any time, either permanently or temporarily (even in relation to generally permissible transactions).</p> <p>Certain transactions may also require approval of the line manager and/or risk or compliance manager. In any event, approval of the highest governing body is required for any transactions of risk/compliance management members.</p> |
| 5. | Duty of documentation | <p>In case of staff transactions, employees shall arrange for documentation of the same in a manner allowing disclosure thereof to the line manager or risk/compliance management at any time upon request.</p> |