



BERMUDA MONETARY AUTHORITY

BOARD OF DIRECTORS CONFLICT OF INTEREST CODE

This Conflict of Interest Code provides guidance for handling conflicts that may arise when Board members are deliberating and conducting business on behalf of the Bermuda Monetary Authority. As the Board is responsible for setting the overall direction of the Bermuda Monetary Authority, all members are required to adhere to the principles of independence, accountability, integrity and transparency that have been adopted by the Board. High standards of ethical behaviour must be appropriately reflected in the performance of Board's functions.

Concepts that are important to the implementation of this Code include:

- Consistent with other financial services jurisdictions, there is inherent risk of conflicts impacting the BMA's activities. This Code therefore seeks to mitigate the risks arising from any residual conflicts of interest at the Board level.
- The identification of potential conflicts is a collaborative exercise whereby both the BMA and the member will seek to surface possible sources of conflicts.
- Transparency is required for the effective operation of this Code; however the reasonable confidentiality of personal circumstances must be maintained to the extent practical.
- The Code anticipates that effective judgment will be critical to an adequate resolution of any potential issues. Where there is doubt, matters of conflict must be resolved in favour of the BMA.

Board Members shall observe the following:

1. When conducting BMA business, Board members are required to fulfill all regulatory and statutory obligations as prescribed by the relevant laws of Bermuda, including the Bermuda Monetary Authority Act, 1969.
2. Members will comply with such procedures as the Board may establish from time to time, in relation to the identification, monitoring and reporting of Members' conflicts of interest, which might otherwise impact the deliberations and/or decisions of the Board. Members' conflicts of interest include those conflicts (that members are aware of) that their spouses or equivalents have with any of the items under discussion or consideration by the Board.
3. When disclosing conflicts, Board members must ensure that that they consider any professional interest, company directorships and/or financial interests that they have in any licensed entity. Declarations of financial interests in licensed/regulated entities should be made formally on an annual basis.
4. Once details of the conflict of interest have been disclosed; as prescribed in the Bermuda Monetary Act 1969, the member/s shall recuse themselves from any dealing or business at the BMA Board level related to that matter unless the Board instructs otherwise. In the event of any cases of difficult judgment, the BMA

Chairman (or when the Chairman is the party, the Deputy Chairman) will determine the appropriate level of participation by the interested parties. All disclosed interests will be kept confidential by the BMA.

5. While any Material Non-public Information relating to an entity is before the Authority and of which a member is aware, they shall not acquire or dispose of any holdings in such an entity, act on the information, or cause others to act on such information.
6. All Board members will be expected to read the Board of Directors Conflict of Interest Code and sign a declaration on an annual basis stating that they have read and agree to abide by the Code. One board meeting per year will be used (in part) to discuss the Code and related procedures, and to ensure the Board understands its role managing conflicts.
7. Potential breaches arising from the application of this Conflict of Interest Code shall be referred to the Chairman of the Ethics Committee. Breaches may be subject to sanctions, the most serious of which could lead to termination from the Board. The dealings of the Ethics Committee will be conducted in such a manner as to ensure due process is afforded to any persons being considered.
8. Related procedures and particulars of conflicts will be documented in an appropriate form to evidence the operation of this Code.
9. In this Code:
 - 9.1 A “Conflict of Interest” means, a conflict between the public duties and private interest of a BMA Director, in which the BMA Director has a private-capacity interest which could improperly influence the performance of his BMA duties and responsibilities.” Private interests include: i) direct and material indirect monetary interests; ii) family, employment, business, professional, charitable, and other advisory or governmental relationships. Such conflicts could be real or perceived. Materiality should be evaluated from both the perspective of the member, the BMA and the relevant regulated entity.
 - 9.2 “Equivalent” means the common-law spouse or dependent children of a Board Member. Dependent children include adults whose lifestyles are funded primarily by the member.
 - 9.3 For the purposes of this Code, the definition of Material Non-public Information contemplates the following:
 - Information is considered material if a reasonable investor would consider it important in making a decision to buy, sell or hold securities. Information that is likely to affect the valuation or price of

securities is almost always material. Either positive or negative information may be material.

- Information is considered non-public if it has not been broadly and publicly disseminated for a sufficient period to be reflected in a security's price.