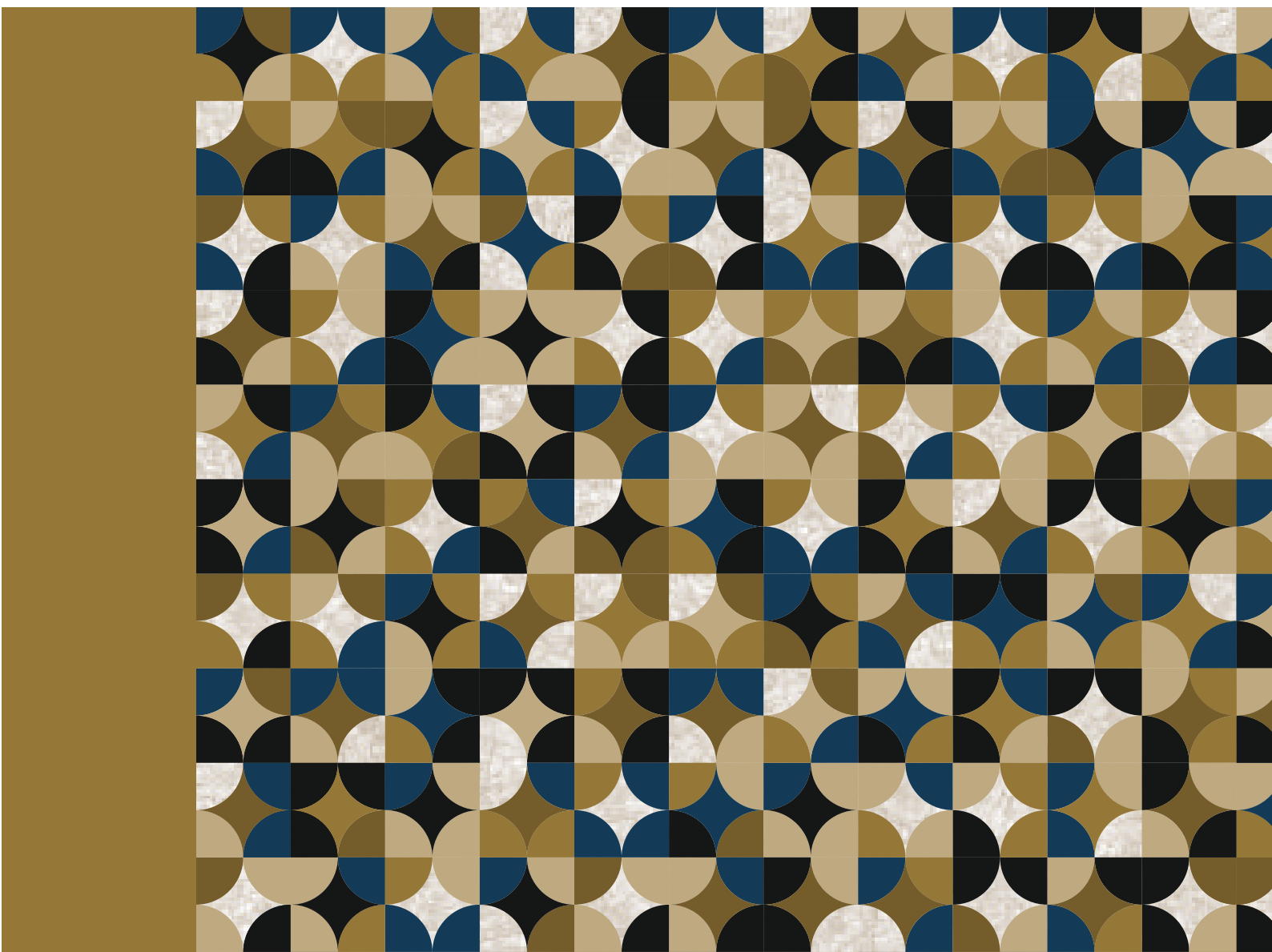


Code of Conduct for the Members of the Board of Directors of Banco de Portugal



BANCO DE PORTUGAL
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Code of Conduct for the Members of the Board of Directors of Banco de Portugal



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Preamble

Whereas the existence of a *Code of Conduct for Banco de Portugal* is warranted by the delicate nature of the tasks allocated to this Bank by the Constitution of the Portuguese Republic, EU treaties and law;

Whereas a Code of Conduct is needed for the members of the Board of Directors of Banco de Portugal with more stringent rules than those applicable to the employees of Banco de Portugal;

Whereas, furthermore, from the viewpoint of the public and institutions, Banco de Portugal's particular visibility and specific intervention in the Portuguese community create the legitimate expectation that the members of the Board of Directors behave in accordance with high standards of ethical conduct;

Whereas the Code shall not only enshrine conduct in compliance with the rule of law, as this is intrinsic to the activities of Banco de Portugal, but, more importantly, must also establish behavioural parameters beyond scrupulous compliance with the law, that meet the standards of ethical conduct expected of the members of the Board of Directors of Portugal's central bank;

Whereas the Ethics Committee, as an autonomous and independent entity formed by the president and two other members appointed from among persons with no contractual relation with Banco de Portugal and with recognised standing and independence, is responsible for advising and monitoring issues of Ethics and Conduct in Banco de Portugal, in cooperation with the Compliance Office;

Whereas Ethical Codes govern the conduct of the members of the Governing Council and Executive Board of the European Central Bank;

Whereas at the end of 2014 the European Central Bank took a number of measures aimed at reinforcing the ethics and conduct framework for harmonisation in the Eurosystem as a whole and also approved a *Code of Conduct for the members of the Supervisory Board*;

Whereas in this reinforcement of the ethics and conduct framework, the following matters are

particularly important: conflicts of interest; inside information; limits to the exercise of private or professional activities after the termination of employment with Banco de Portugal; limits to private financial transactions;

Whereas the need to ensure, when taking office, that the members of the Board of Directors are bound to comply with the Code of Conduct;

Whereas the Board of Directors of Banco de Portugal has a collegiate nature;

The Board of Directors of Banco de Portugal, at its meeting on 31 May 2016, approved the *Code of Conduct for the members of the Board of Directors of Banco de Portugal*, composed of the following provisions:

1. Scope of application

1.1. This Code of Conduct (hereinafter referred to as the 'Code') lays down rules and standards of conduct for the members of the Board of Directors of Banco de Portugal (hereinafter referred to as the 'Board members').

1.2. The Code contains the ethical conventions and standards to follow and clarifies the benchmarks to be used in assessing the degree of compliance with obligations taken on by the Board members.

2. Definitions

For the purposes of this Code of Conduct:

Conflict of interest means a situation where the Board members have a private or personal interest that may influence or appear to influence the impartial, objective and independent performance of their duties.

Private or personal interest means any benefit or potential benefit of a financial or non-financial nature, for the Board members, their family members, friends or acquaintances.

Duty of secrecy means the obligation not to disclose information on facts or elements that come to their knowledge through or by virtue of their duties.

Inside information means information on facts or elements that come to their knowledge through or by virtue of their duties, which has not been made public or is not accessible to the public and the use of which may lead to advantages for the members themselves or third parties. The following is considered inside information: market sensitive information, including, inter alia, information on Banco de Portugal's own asset management operations and the management of other funds under its management, information on the definition and implementation of European Union monetary policy, information on the ECB's management of foreign reserve assets, information obtained in preparation for the ECB's Governing Council decisions, and information obtained in the exercise of the supervisory and resolution functions of credit institutions and financial companies.

3. General duties of conduct

3.1. In accordance with the Constitution of the Portuguese Republic and the European and Portuguese rules, Board members, when exercising their functions, shall be exclusively at the service of public interest, as defined, according to the applicable principles and rules, by the competent bodies of the European System of Central Banks and Banco de Portugal, and shall abide by the principles of lawfulness, justice and impartiality.

3.2. In their conduct, Board members shall show loyalty to Banco de Portugal, and shall act honestly, independently, transparently, impartially and with discretion, while observing the highest standards of ethical conduct and avoiding situations liable to give rise to conflicts of interest or harm Banco de Portugal's image and reputation.

3.3. Board members shall be mindful of the importance of their individual duties and responsibilities and the expectations of the public and institutions regarding their conduct, within socially acceptable standards, acting in a way that promotes public trust in Banco de Portugal and contributes to its effective operation and good image.

3.4. When performing their functions, Board members shall be aware of Banco de Portugal's social responsibility and encourage social dialogue within the institution.

4. Equality, non-discrimination and prohibition of harassment

4.1. Board members shall abstain from undertaking any kind of discrimination or harassment, namely on the grounds of race, sex, age, physical ability, sexual orientation, political opinion, religion, ideological beliefs, or union membership.

4.2. They shall also show consideration and respect for the other Banco de Portugal Board members and employees, abstaining from any kind of bullying and avoiding behaviours that may reasonably be considered offensive.

5. Prevention of conflicts of interest

5.1. Board members shall avoid any situation liable to give rise to conflicts of interest with the performance of their duties.

5.2. Given the impact of their decisions on markets and the stability of the financial system, Board members shall always be in a position to act with full independence, objectivity and impartiality.

5.3. Board members invited to take part in a decision-making process as part of their duties,

in whose handling or outcome they have a personal interest, namely as a result of a previous professional occupation or within the scope of their personal relations, shall immediately inform the Board of Directors, so that the appropriate measures are adopted. Specifically, the provisions of this rule shall apply to decisions on the performance of supervisory and resolution functions, the hiring and professional situation of employees and the procurement of goods and services.

5.4. Board members shall consider themselves prevented from discussing and voting on deliberations concerning issues that may involve a conflict of interest, namely in the situations referred to in the first part of the foregoing paragraph.

5.5. Board members shall abstain from participating in any procurement or other procedures that involve as parties or may benefit:

5.5.1. Their spouses or recognised partners, ex-spouses where the divorce took place in the two years prior to the date of the contractual procedure, the like, ancestors or descendants in any line, and collateral relatives up to the second line;

5.5.2. The company in which they hold, directly or indirectly, alone or jointly with the persons referred to in the foregoing subparagraph, no less than 10%.

5.6. Board members shall inform the Ethics Committee as soon as possible should the professional occupation of a family member or the like be liable to give rise to a conflict of interest.

5.7. In the two years after the termination of employment, Board members shall continue to avoid any conflict of interest that could arise from any new private or professional activities, whether remunerated or not, and shall give written notice to the Ethics Committee whenever they intend to commence such activities and request its opinion before taking on any commitment.

5.8. In the two years after the termination of employment, Board members shall not carry

out any activities or provide services, whether remunerated or not, in entities subject to Banco de Portugal's supervision or in whose supervision Banco de Portugal participates under the Single Supervisory Mechanism, as well as in groups of enterprises controlled by those entities, without prejudice to the performance of activities or the exercise of functions within the scope of their professional situation on the date of their appointment. They shall give written notice to the Ethics Committee and when that is the case shall be subject to the duty of secrecy and the prohibition on misusing inside information to which they have had access through or by virtue of their duties.

5.9. Following a reasoned request of a Board member or former Board member, the Ethics Committee shall reduce or waive the period mentioned in the foregoing paragraph, in case it is possible to exclude the possibility of a conflict of interest stemming from a subsequent professional activity.

5.10. Board members shall provide the Board of Directors and the Ethics Committee with a list of institutions of which they are members, or in which they exercise functions, and shall update it whenever changes take place.

5.11. Without prejudice to the limits envisaged in the law, engaging in teaching, scientific or similar activities shall not interfere negatively with the Board Member's obligations to Banco de Portugal nor give rise to conflicts of interest, and it shall be made clear that they are performed in a personal capacity. The Ethics Committee shall be informed in advance of engagement in those functions and activities, to verify whether any conflict of interest, or any incompatibilities or risks to Banco de Portugal's image and reputation exist.

5.12. The Board of Directors shall authorise in advance any activities whose subject matter relates to Banco de Portugal or its tasks, and in scientific or academic contributions Board members shall make clear, where appropriate, that the contribution is made in a personal capacity and does not represent the views of

Banco de Portugal. The Board member shall also be responsible for avoiding situations that might be misinterpreted as such.

5.13. In the performance of academic, teaching or scientific activities, Board members shall not disclose or use information to which they have access through or by virtue of their duties and which has not been published or cannot be accessed by the public.

5.14. Board members shall send to the Ethics Committee income and wealth declarations or declarations regarding any corporate positions held, as well as any other information submitted by Board members to the competent authorities in compliance with the applicable legal provisions.

5.15. In case of doubt as to the nature and extent of the obligations in terms of prevention of conflict of interest, the Board of Directors or the respective member shall request a prior opinion from the Ethics Committee.

6. Secrecy, protection of personal data and inside information

6.1. Secrecy

6.1.1. Pursuant to the European and national rules governing Banco de Portugal's activities, Board members are bound by the duty of secrecy, even after the termination of employment with Banco de Portugal.

6.1.2. Board members shall take all necessary precautions to ensure that the persons to whom they have given access to their information also respect the duty of secrecy. They shall also ensure that access to information protected by the duty of secrecy is limited to those who need it for the performance of their duties.

6.2. Protection of personal data

6.2.1. Board members shall ensure strict compliance with the laws and regulations governing the protection of personal data.

6.2.2. Board members with access to personal data on natural or legal persons, including Banco de Portugal employees, to credit registry data in the Central Credit Register (CCR), to information used to generate the List of Cheque Defaulters (LCD), to the Accounts of Deceased Holders, to the Banking System's Database of Banking Accounts, to the special registration of institutions (Portuguese acronym: REI) or to any other personal data held by Banco de Portugal, shall, in addition to respecting the applicable legal and regulatory provisions, use utmost prudence in the handling of those data, in order to preserve confidentiality, in particular abstaining from communicating them to any unauthorised individual, even where that person is under obligation to Banco de Portugal.

6.3. General prohibition on misusing inside information

6.3.1. Board members shall not use, even after the termination of employment, inside information to which they have access through or by virtue of their duties in any private financial transaction or for recommending or advising in favour of or against such transactions.

6.3.2. The obligation provided for in the foregoing paragraph shall continue to apply until the information is made public.

6.3.3. Board members shall take all necessary precautions to ensure that the persons to whom they have given access to their information also respect the prohibition on misusing inside information. They shall also ensure that access to that information is limited to those who need it for the performance of their duties.

7. Limits to private financial transactions

7.1. Financial transactions subject to restrictions

7.1.1. Board members are subject to specific limits to private financial transactions, as envisaged in Chapter V of the

Regulation of the Ethics Committee and of the General Duties of Conduct of the Employees of Banco de Portugal.

7.1.2. Board members shall abstain from conducting any private financial transaction of a speculative nature, namely short-term trading, which may be seen as imprudent or disproportionate given their household's income.

7.2. Requests for authorisation to conduct private financial transactions

7.2.1. With regard to private financial transactions requiring authorisation, pursuant to Chapter V of the Regulation of the Ethics Committee and of the General Duties of Conduct of the Employees of Banco de Portugal, Board members shall send their requests to the Ethics Committee, at least two working days before the date foreseen for the order, through an electronic form.

7.2.2. Following a request for authorisation under the foregoing paragraph, the Ethics Committee shall decide on the request within two working days of receiving it, taking into special account, where relevant, the professional duties of Board members and their access to inside information, the nature of the operation, the amounts involved, the reputational risk for Banco de Portugal and the timing of the operation.

7.2.3. The Ethics Committee may determine that authorisation for the conduct of private financial transactions be subject to specific conditions and this decision shall be communicated to the Board member through an electronic form.

7.2.4. In the absence of a reply from the Ethics Committee to a request for authorisation within the timeframe referred to above, the operation shall be considered authorised.

7.2.5. Should the Ethics Committee not have authorised the conduct of a specific private financial transaction, the Board member who made the request shall confirm, following that decision, that he/she did not conduct the transaction in question.

7.3. Holding of assets resulting from private financial transactions subject to control

7.3.1. Board members may keep the assets resulting from the private financial transactions referred to in paragraph 7.1.1, provided that:

- a) they have been acquired prior to their taking office as Board member;
- b) their acquisition took place subsequently to the timing referred to in the foregoing subparagraph, but did not result from any initiative by the Board member, originating namely in an inheritance, donation, change in the family structure or in the structure of the company where he/she has a holding.

7.3.2. Should Board members intend to keep the financial assets acquired under the foregoing paragraph, they shall, as an alternative:

- a) place their investments under the control of one or more portfolio managers with full discretion, in which case the draft contract shall be submitted to the Ethics Committee for approval;
- b) request the opinion of the Ethics Committee with regard to possible conflicts of interest generated by this situation, with the Ethics Committee able to recommend the sale of the financial assets in question within a reasonable and appropriate timeframe.

7.3.3. Should the Ethics Committee recommend the sale of financial assets held by a Board member, he/she shall inform the Ethics Committee regarding the conduct observed following this recommendation.

7.3.4. In those cases where Board members may continue to hold the assets as envisaged in paragraph 7.3.2 (b), the sale or exercise of rights regarding these assets requires prior authorisation from the Ethics Committee.

7.4. Compliance check

7.4.1. Board members shall keep any relevant information on the financial activities referred to in the foregoing paragraphs with reference to the period of the term of office.

7.4.2. For the purposes of checking compliance with the rules in this Chapter, Board members shall provide the Ethics Committee, at the end of each calendar year, with an updated list of the credit institutions and financial companies where they hold accounts, namely deposit, credit and financial instrument accounts, including those of which they are co-holders.

7.4.3. As an alternative to the information referred to in the foregoing paragraph, Board members may give written authorisation to the Ethics Committee to consult the Banking System's Database of Banking Accounts, which is organised and managed by Banco de Portugal, under the provisions of Article 81-A of the Legal Framework of Credit Institutions and Financial Companies.

7.4.4. In addition to the list referred to in paragraph 7.4.2 or the authorisation provided for in the foregoing paragraph, Board members shall provide the Ethics Committee with a personal declaration stating that they have not conducted forbidden financial transactions, also mentioning that the Board member has conducted no unauthorised financial transaction subject to that condition, pursuant to paragraph 7.2, in both cases with reference to the current and the previous calendar years.

7.4.5. The Ethics Committee may also ask Board members for the record of the accounts referred to in paragraph 7.4.2 or, as an alternative, a declaration issued by the credit institutions or financial companies stating that the operations referred to in paragraph 7.1.1 did not occur, or, if occurring, the conditions under which they occurred, within the scope of the respective accounts, in the period indicated.

8. Relations with external entities and the general public

8.1. Independence and prevention of external influences

8.1.1. Board members shall observe the principle of independence enshrined in Article 7 of the Statute of the ESCB and of the ECB, and reflected in Article 27 (5) of the Organic Law of Banco de Portugal.

8.1.2. When exercising the powers and carrying out the duties conferred upon them, Board members shall not seek or take instructions from any external entities that are not legally or statutorily competent for the purpose.

8.1.3. Should Board members become aware, through or by virtue of their duties, of any attempts by institutions, entities or third parties to unduly influence Banco de Portugal, they shall inform the Board of Directors and the Ethics Committee thereof.

8.2. Behaviour regarding prospective professional occupations

8.2.1. Without prejudice to the application of paragraphs 5.7 and 5.8, Board members shall act with integrity and discretion in any negotiations concerning a prospective professional occupation and the acceptance of such employment, and this behaviour shall be followed even after the termination of employment with Banco de Portugal.

8.2.2. As soon as such negotiations begin or the possibility of them arises, the Board members in question shall inform the Board of Directors and the Ethics Committee about them, if they are liable to give rise to a conflict of interest.

8.2.3. Where necessary, the Board member in question shall cease dealing with any matter related to a prospective employer or entity receiving his/her services.

8.2.4. In case of doubt, the Board member shall consult the Ethics Committee.

8.3. Gifts, awards and other benefits or compensation

8.3.1. Respect for the principles of independence and impartiality is incompatible with acceptance by Board members for their own benefit or for the benefit of a third party of gifts, awards and other benefits or compensation which are connected in any way whatsoever with their duties.

8.3.2. The provisions of the foregoing paragraph shall cover any gifts to the Board member's family, which, albeit indirectly, are in any way connected with the duties performed at Banco de Portugal or where they are considered an attempt at undue influence.

8.3.3. The prohibition envisaged in the foregoing paragraph only admits by way of exception the acceptance of the following gifts:

- a) of mere hospitality, related to the normal performance of their functions and that cannot be considered a benefit;
- b) from other central banks, public bodies and European and international organisations, whose value does not exceed the customary and appropriate amount in a relation with those entities;
- c) from entities other than those mentioned in the foregoing subparagraph, whose value does not exceed EUR 10.

8.3.4. The exception envisaged in subparagraph (c) of the foregoing paragraph shall not apply to gifts from participants in goods and services procurement procedures or contractors, acceptance of which is always forbidden.

8.3.5. The acceptance of any gifts, awards and other benefits or compensation of a financial or any other nature for the exercise of an activity in the performance of their functions for Banco de Portugal shall also be forbidden.

8.3.6. Board members shall refuse the gifts, awards and other benefits or compensation that do not comply with the applicable guidelines. In those cases, Board members shall immediately communicate the refusal to the Ethics Committee, so that a letter can be sent explaining the reasons for refusal in light of the rules of conduct in force at Banco de Portugal.

8.3.7. If it is deemed institutionally inappropriate to return the gifts, awards, benefits or compensation, the Board members shall hand them over to the Administration Services Department as soon as possible.

8.3.8. The gifts, awards and other benefits or compensation received under the terms of the foregoing paragraph shall be registered as property of Banco de Portugal.

8.4. Return or delivery of gifts and communication to the Ethics Committee

8.4.1. All gifts, awards and other benefits or compensation received by Board members or by members of their household, whose value exceeds EUR 10, shall be communicated to the Ethics Committee as soon as possible.

8.4.2. The duty of communication envisaged in the foregoing paragraph shall not apply to gifts, awards and other benefits or compensation received from other central banks and public, European and international organisations and whose value is considered customary and appropriate.

8.4.3. Board members shall also communicate to the Ethics Committee acceptance of any honours or decorations in connection with their work for Banco de Portugal.

8.5. Relations with the ECB and the national central banks of the ESCB

8.5.1. Board members shall work in a spirit of close cooperation with the staff of the ECB and the national central banks (NCBs) that make up the ESCB, without prejudice to the necessary confidentiality, where applicable. In this regard, Board members shall remain aware of the institutional implications of the scope of that collaboration, given that there are members of the ESCB that do not belong to the Eurosystem.

8.5.2. In their relations with the ECB or with the NCBs, Board members shall be mindful of their duties and the necessary impartiality of Banco de Portugal within the ESCB.

8.6. Relations with European institutions and organisations and international authorities

8.6.1. Formal or informal contact with representatives of European institutions or other European organisations and international authorities shall always reflect Banco de Portugal's position, where this has been defined.

8.6.2. In the absence of a defined position, Board members shall explicitly preserve Banco de Portugal's image on a given topic when they speak in their own name.

8.7. Relations with other national central banks and other institutions

8.7.1. Board members shall work in a spirit of cooperation with the staff of other NCBs, including the central banks of the Portuguese-speaking countries, without prejudice to the necessary confidentiality, where applicable, and being mindful of their duties and Banco de Portugal's necessary impartiality.

8.7.2. In relations with financial institutions and other public and private entities, Board members performing their duties shall observe Banco de Portugal's guidance and positions, acting with quality, integrity and transparency.

8.7.3. Board members shall foster and ensure a good relation with those entities, appropriately observing the rights and duties associated with the various functions of Banco de Portugal's responsibility.

8.8. Contact with the media, news agencies and public interventions

8.8.1. In contacts with the media, Board members shall follow the guidelines approved by the Board of Directors.

8.8.2. Any public participation that does not result from the normal performance of duties and whose subject matter relates to Banco de Portugal shall be communicated in advance to the Board of Directors.

8.8.3. When deemed appropriate, such as in representation of Banco de Portugal, public intervention by a Board Member shall be approved in advance by the Governor.

8.8.4. Board members may only take part as speakers in conferences, fora and similar events promoted by a third party where this is in the manifest interest of Banco de Portugal.

8.8.5. In case of doubt as to the application of the foregoing paragraphs, Board members may consult the Ethics Committee.

9. Resource management in Banco de Portugal

9.1. Use of the Banco de Portugal's resources

9.1.1. Board members shall respect and protect Banco de Portugal property and not allow abusive use by third parties of the facilities or services.

9.1.2. All equipment and facilities, whatever their nature, shall be for official use only.

9.1.3. An exception to the foregoing paragraph is reasonable and non-abusive private use, compliant with the rules in force or relevant internal practice.

9.1.4. In carrying out their tasks, Board members shall also take all reasonable and appropriate measures to limit Banco de Portugal costs and expenses, so that the available resources can be used most efficiently.

9.1.5. Board members shall abstain from using social benefits granted by Banco de Portugal abusively or to the detriment of the institution.

9.1.6. Board members shall abstain from asking employees to carry out tasks of a private nature for their own benefit, or for that of a third party, whether or not Banco de Portugal means are used to carry out such tasks.

9.2. Environmental policy

9.2.1. In relation to Banco de Portugal's activities, Board members shall promote the adoption of best practice on protecting the environment.

10. Ethics Committee

10.1. Board members may invite the Ethics Committee to pronounce on any topic affecting their personal situation and relating to correct observance of the Code.

10.2. Conduct that complies with the Ethics Committee's opinions or recommendations is assumed to comply with the Code.

10.3. All communication between Board members and the Ethics Committee shall be considered confidential, unless with the member's express consent or where there is a serious and imminent security risk for individuals or Banco de Portugal's image.

10.4. The existence of the risk mentioned in the foregoing paragraph shall be assessed by the Ethics Committee.

10.5. Rules on the appointment and powers of the Ethics Committee are part of a separate Regulation.

11. Binding of the members of the Board of Directors

When taking office, Board members shall sign a document expressing knowledge of the content of this Code of Conduct and binding them to its observance, within the scope of the duties comprised in their mandate.

12. Transitional provisions

12.1. The current Board members may keep the assets resulting from the private financial transactions referred to in 7.1.1 provided that these assets have been purchased prior to the date of entry into force of this Code, and the provisions of paragraphs 7.3.2 to 7.3.4 shall be applied.

12.2. Following the entry into force of this Code, and whenever there any changes thereto, Board members shall be asked to sign the declaration referred to in paragraph 11.

13. Publication and entry into force

13.1. This Code shall be published in Banco de Portugal's *Boletim Oficial* (Official Bulletin) and released on its website and intranet.

13.2. This Code shall enter into force on the day following the date of publication mentioned in the foregoing paragraph.

