



# Financial Relationships

## Policy

There are certain financial relationships that need to be declared, so that the risk of an actual (or perceived) conflict of interest can be managed.

This policy is part of *Our Code*, which we are all required to attest to annually.

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## Why do we need this policy?

All of us face decisions about managing our finances, including where to save or invest our money. Those of us who join the Bank mid-way through our career may also retain connections with a previous employer, for example through membership of a company pension scheme.

But the information that we have access to is often not in the public domain and our role as a regulator and policy maker creates a risk that we could be perceived as using the Bank's information to further our personal interests if we don't take appropriate steps to guard against this.

The Bank also needs to know about any ongoing relationships with financial institutions that might be perceived to influence your judgement or affect your decisions at work.

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## Who does this policy apply to?

This policy applies to all of us working at the Bank. This includes consultants, contractors and agency staff.



If you have any questions about this policy, or are unsure of whether to disclose a particular financial relationship, please contact the [Deputy Secretaries](#).

## What you must know or do



We must disclose certain financial relationships that create an ongoing financial interest in one of the firms that we regulate. We must do so on joining the Bank and update them if/when they change.

### What relationships do I need to declare?

- Direct holdings of securities or related investments in a Bank-regulated firm or its financial holding company, including stock options and share related reward schemes.
- Holding a balance or deposit in a Bank-regulated firm<sup>1</sup> of a value greater than the FSCS limit (currently £85k per person per firm).
- Holding an investment or a pension product with a Bank-regulated insurer whose return depends in part on the profits of the insurance company – for example, a ‘with profits’ policy.
- Any other financial relationship that could reasonably be considered to be a potential conflict of interest. This would include deferred remuneration arrangements.
- Similarly, you are required to disclose these types of financial relationships held by another individual or organisation where you direct or advise on their financial arrangements.<sup>2</sup>

[Appendix One \(page 5\)](#) sets out a flowchart to help you understand which financial relationships you need to disclose.

### Your day-to-day work

If a potential conflict of interest relating to a financial relationship arises in the course of your day-to-day work, you should bring this to the attention of your manager. Your general disclosure in the Our Code Compliance system is not a substitute for this responsibility. If you are unsure about whether to disclose a particular financial relationship, please seek guidance from the Deputy Secretaries.

### Protecting your information

The application of this policy will be in accordance with the relevant data protection legislation. For information on how the Bank processes your data, please see [our staff data privacy notice](#).

<sup>1</sup> For a list of PRA regulated firms please follow this link: <https://register.fca.org.uk/> to The Financial Services Register.

<sup>2</sup> This includes where you take or advise on financial decisions acting as an executor, trustee, director or a shareholder, for example. The personal financial transactions policy pre-approval requirements apply in such cases.

## For all colleagues



1. You must disclose in the Our Code Compliance system any of the financial relationships set out above.



2. Where a conflict is identified you should cooperate with any steps taken in order to protect you and/or the Bank.



3. If circumstances change, you must promptly update any declarations in the Our Code Compliance System, and notify your line manager.

## For all line managers



4. You must ensure that you and members of your team understand the requirements of this policy.



5. If a relationship has been declared, you must:

- 5.1. review the disclosure promptly via the Our Code Compliance system and consider if it is required;
- 5.2. assess the nature of the risk that might arise from this relationship (you may find the [Financial Relationships Risk Assessment Template](#) helpful);
- 5.3. agree the risk assessment and any mitigants that might need to be put in place with a HoD (or above) (see [Appendix Two \(page 6\)](#) for some example mitigants);
- 5.4. if mitigants are needed, put them in place;
- 5.5. record the agreed actions in the Our Code Compliance system directly or by including a link to the completed [Financial Relationships Risk Assessment Template](#); and
- 5.6. ensure you receive confirmation that the individual has completed any actions required.

6. **Contact the Secretary or Deputy Secretaries if you have any questions about a financial relationship disclosure you have received from one of your team.**

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## What support is available to help you comply with this policy?

This policy can be found on Secretary's Financial Relationships [intranet page](#).



The following documents support this policy:

- [Our Code](#); and
- [Staff Handbook \(see Section C2\)](#)

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## What is the impact of non-compliance?

If you realise you have breached – or suspect that you might have breached – a requirement in this policy please tell your line manager as quickly as possible, so that the issue can be reported and redressed under the Bank's [Breach Management Policy](#). The Bank gives credit for you taking prompt responsibility for your mistakes. You should be aware that failing to discharge your responsibilities could lead to disciplinary or other action.

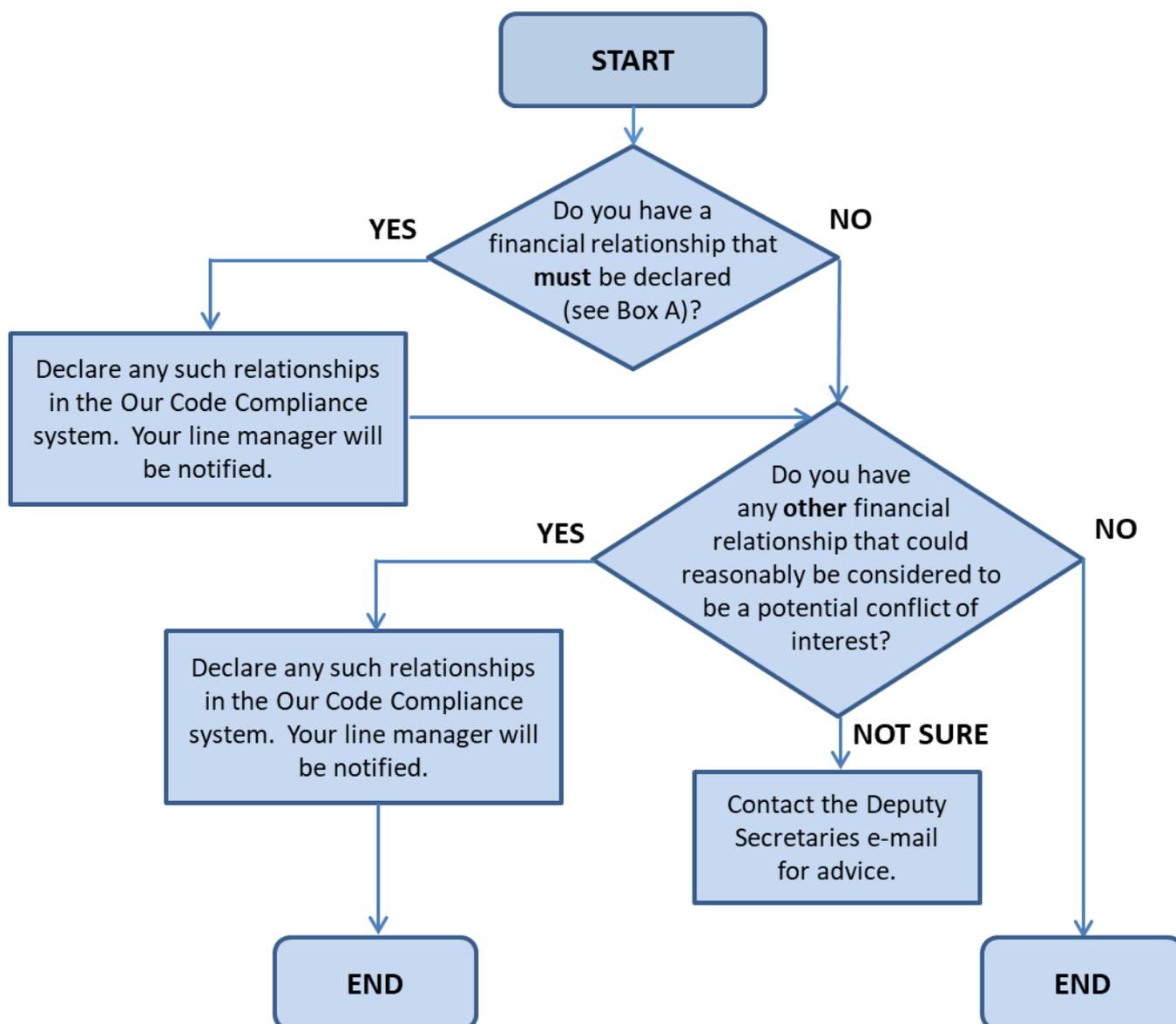
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## Governance

*Any substantive changes to this policy should first be endorsed by the Compliance Division and then pass through all appropriate levels of Bank governance.*

Policy Owner:	The Deputy Secretaries, Secretary's Department.
Policy Approver:	The Secretary.
Last Reviewed:	01/08/2021 – approved by the Secretary
Next Review Date:	01/08/2022
Version:	1.0

## Appendix One – Should I disclose a Financial Relationship?



### Financial relationships that must be declared are:

- direct holdings of securities or related investments in a Bank-regulated firm, or its financial holding company, including stock options and share-related reward schemes;
- balances or deposits in a Bank-regulated firm greater than the FSCS compensation limit (currently £85K per person per firm);
- holding an investment or pension product with a Bank-regulated insurer whose return depends in part on the profits of the insurance company – for example a ‘with-profits’ policy.

**Box A**

## Appendix Two – Example Mitigants

**Specific mitigants are unlikely to be needed for many of the financial relationships that are declared.** This is because the personal financial transactions (PFT) policy acts as a Bank-wide mitigant for the majority of them. The PFT policy requires staff to seek approval if they wish to change the nature of most of these relationships – PFT requests are screened in Secretary's Department and considered by the individual's Local Reporting Officer (LRO) for sensitivities.

For example:

- Significant movements (above £5,000) out of accounts above the FSCS limit to another account/NS&I need advance approval under the PFT policy. Approval must also be sought for any transaction that could be deemed sensitive because the individual knows something about the firm from their role at the Bank that is not in the public domain (such as advanced contingency planning, an adverse stress test result, a breach of regulatory requirements, an intervention by the Bank with respect to that firm etc.).
- Individuals are permitted to retain pre-existing direct shareholdings in Bank regulated firms or their financial holding companies, but may not acquire more, and must seek approval before disposing of any of these holdings. An appropriate mitigant for some roles may be that disposal of such shares will not be permitted (for example while working in the relevant Supervisory team).
- For 'with-profits' policies, it may be necessary to set a mitigant, such as that an individual must hold the policy to maturity if they are working in an area where they would have regular access to confidential information relating to the firm concerned (such as in Insurance Supervision).