

SECTION 6

PERSONAL CONDUCT ARRANGEMENTS

6.1 Introduction

6.1.1 The nature of work undertaken by the officers and the requirement to ensure that the integrity of officers is not open to question means that officers must adhere to certain conditions in their private and work dealings. These include the handling of price sensitive information, private conflict of interests, roles on boards, acceptance of gifts and hospitality, the handling of shareholder benefits accrued from assets held by the Fund and personal dealings in investments.

6.2 Personal dealings

6.2.1 Employees of the Fund must not use confidential information, gained in the course of business, for private gain or to reduce a private loss. Employees must be cognisant of the Code of Market Conduct and Market Abuse and ensure that this is adhered to at all times when making personal deals. Consequently, whenever staff make investment decisions for their own personal account they must note:

- Fund orders always take priority.
- No member of staff should gain, or seek to gain, any advantage for his own personal investment as a consequence of deals done on behalf of the Fund.
- Insider trading is unlawful. No employee should seek to take advantage of inside information or pass such information on to other parties. (Refer section 5.5).
- Anything that may otherwise constitute a market abuse must be avoided at all times.

6.3 Personal dealings procedure

6.3.1 Staff must report all personal deals to the Fund Accountant (Compliance) in accordance with the procedure below.

6.4 Scope of Reporting Requirements

6.4.1 General presumption

6.4.2 Whenever you wish to conduct a personal deal in Securities (see 6.12), you must assume that you need to apply for permission in advance of dealing. That presumption can only be overturned in the circumstances outlined under the exceptions (see 6.10 and 6.11).

6.4.3 The rules on personal dealings apply to employees on their own account and are designed to prevent any dealings that could give rise to criticism of the Fund.

6.5 Obtaining prior approval

6.5.1 For dealings requiring prior approval, you must always obtain permission from the Fund Accountant (Compliance) or his delegate, in accordance with the procedure laid down, before dealing.

6.6 What is a personal deal?

6.6.1 Any deal which is:

- executed on your instructions or advice and in which you or any member of your close family (see 6.6.2) has a beneficial interest
- by any company, portfolio, trust, partnership, investment club, or other entity which invests on your instructions or advice and in which you or your close family has a beneficial interest
- by you as a trustee of any trust or a personal representative of any estate (unless you are relying entirely on the advice of another person, such as an outside broker or solicitor)
- by you for the account of another person (except in your capacity as an employee).

6.6.2 Close family is defined as “any individual, joint, close family relative (e.g. mother, father, spouse, partner, child or stepchild living with you, or child under 18 years of age, irrespective of whether they are physically living with you), or business relationship outside the Fund.

6.6.3 The test is whether the officer or employee has influence over that person’s judgment as to how to invest his property or exercise any rights attached to it.

6.6.4 Dealings conducted by you at home and/or via the internet are of course included in the scope of these rules.

6.7 Validity of permission/procedure for declaration

6.7.1 Employees and connected persons are required to seek prior written or email approval from the Fund Accountant (Compliance) and a Dealing Permission form (see appendix 2) must be completed. If the transaction does not take place within ten business days of receiving approval then fresh permission must be sought.

6.7.2 On a monthly basis, each individual to whom these rules apply will be required to notify the Fund Accountant (Compliance) via HOPF PA of all deals over the preceding month. Returns should be submitted within 10 days of each month end. Nil returns will be required. The Returns are emailed to all relevant members of staff by the HOPF PA.

- 6.7.3 The HOPF PA will report returned forms and non returned items to the Fund Accountant (Compliance) and Group Accountant.
- 6.7.4 The Fund Accountant (Compliance) and Group Accountant will review the returned forms, non returned forms and items which raise concern.
- 6.7.5 The Group Accountant will report to the HOPF and FOG on a monthly basis. A quarterly review of all personal deals will be undertaken by the Head of Pension Fund and evidence of this review will be included in FOG minutes. A template has been set up for these reviews.
- 6.7.6 It is recognised that details of individuals' holdings and dealings are confidential and information provided as a consequence of these rules will only be accessible to those employees involved in the reporting system and audit, unless malpractice is suspected.
- 6.7.7 The returned personal deal forms will be retained on a central file held by HOPF PA

6.8 Holding periods

- 6.8.1 Employees and connected persons are not permitted to sell any security within one month of acquiring it without the prior approval of the Fund Accountant (Compliance).

6.9 Conflicts of interest

- 6.9.1 A conflict of interest can arise if your outside activities, private, personal or financial interests influence or interfere with the decisions you make in the course of your work for the fund, or appear to or could be perceived to influence or interfere with the decisions you make in the course of your work for the fund.
- 6.9.2 If you consider there **may** be a conflict of interest you should complete the conflict of interest declaration form (M15) and submit to your line manager and then onto Head of Service for consideration.
- 6.9.3 It is your responsibility to declare any **actual** or **potential** conflicts of interest. If you are in any doubt about whether an actual or potential conflict of interest exists, you should consult your manager or Human Resources.
- 6.9.4 Nil returns are required from all officers at Head of Service level and above on an annual basis.
- 6.9.5 You will be notified in writing within 10 working days of any further proportionate actions you will be required to undertake regarding your conflict of interest.

- 6.9.6 There may be occasions where the conflict declared presents serious concerns about the employee's continued ability to perform the full range of their duties. In such circumstances, a meeting will be arranged to discuss the issue in detail with the Head of Pension Fund and the employee. The employee may be accompanied at this meeting.
- 6.9.7 Once assessed the form (M15) is passed back to the Administration Officer by the line manager. The Head of Administration will maintain a register of conflict of interest declarations. All completed M15 forms will be retained on the employee's personal file held at MPF.
- 6.9.8 If there are any material changes which affect your declared conflict of interest in the interim period, this should be reported immediately to your line manager. This is the responsibility of the employee.
- 6.9.9 Employees should declare any outside interest of a financial or non-financial nature that might cause a potential conflict of interest with their work for the Fund. This would include remunerated and non-remunerated posts such as directorships or employment external to the fund. Care must be taken when considering dealings, as opportunities may arise where an individual could be involved in a company, whether quoted or not, which the individual knows or ought to know is or has been involved in a commercial relationship with the Fund.
- 6.9.10 For guidance, you should notify dealings (i) in publicly listed companies in which you hold or will hold subsequent to dealing at least 1%; and (ii) for unquoted companies, a 10% holding which cost you at least £25,000 originally, or the equivalent in value.
- 6.9.11 An officer graded H and above (SCP 31+) needs authorisation to undertake outside work even if, in your view, the work could not possibly conflict with your duty as an employee of the fund. In such circumstances, they should complete the M15 form and submit it to the Head of Pension Fund for authorisation. The Head of Pension Fund may consult with Head of Human Resources as appropriate prior to a decision being made.

6.10 Exempt dealings

- 6.10.1 You do not need to report the following transactions to Compliance:
- dealing in gilts
 - accepting a takeover offer
 - taking up a rights issue for securities already held
 - applying to a public offer
 - transferring PEP or ISA securities to a member of your close family
 - reinvesting dividends and other distributions under a standing election
 - exempt discretionary dealings as stated below

6.11 Exempt discretionary dealings

6.11.1 Care is needed in taking a decision not to disclose under this heading, because the word 'discretionary' has various shades of meaning. For instance, some fund managers will act under an advisory discretionary relationship, in which case it may be the case that the discretion has been influenced to a greater or lesser degree by the client. You must therefore disclose any dealings in securities over which you participate to any extent, as these cannot be treated as exempt dealings. In cases of doubt, you must contact Compliance. The following are the exempt dealings.

- dealings in units or shares by a fund manager of a regulated collective investment scheme
- dealings in securities under life and pension policies over which you have no control
- continuing discretionary management of funds held for your benefit with third party managers over which you have no control

6.12 Definition of "Security/ies"

6.12.1 Unless an exemption applies, you must report dealings in all the following Securities, irrespective of whether the transaction was made in the UK or abroad:

- share or stock in the capital of a company
- debt instruments issued by a company or public sector body (bond deals)
- hybrid deals like permanent interest bearing shares for example
- futures/options
- warrants or depositary receipts
- contracts for difference including spread bets, whether or not financially based

but not investments in collective investment schemes (UTs, OEICs or limited partnerships).

6.13 Inducements

6.13.1 Employees must not offer, give, request or accept any benefit which could induce:

- another person to introduce investment business to them
- them to place business with another person
- or in any way deter them from fulfilling their duties to the Fund.

6.14 CPD and Training Opportunities/Events

The FCA's handbook provides rules and guidance to Investment Managers on what is appropriate for designated investment business to provide to clients.

The Fund has investments with a range of managers, many of whom hold annual general meetings and annual investor conferences to which existing and potential investors are invited and some of the costs of attending are met by the manager.

It is common if an officer is speaking/lecturing at conferences that the organiser will reimburse expenditure.

These situations are not considered to be hospitality but should still be declared using a CPD/training declaration form.

Non hospitality should be reported to HOPF PA within 14 days of the meeting on the CPD/training declaration form. Returned forms will be reviewed by the Fund Accountant (Compliance) and Group Accountant.

CPD/training declaration returns will be reviewed by the HOPF and be reported to Pensions Committee annually.

The returned non hospitality forms will be retained on a central file held by HOPF PA.

6.14.1 Roles on Boards

Employees may not accept roles on boards without prior written permission from the Head of Pension Fund (HOPF). The Fund Accountant (Compliance) must be informed immediately after permission has been granted/refused and evidence of the HOPF's decision must be given to the Fund Accountant (Compliance) at the time of notification. All meetings attended must be disclosed to the Fund Accountant (Compliance) in advance of the meeting and all non-hospitality, travel and accommodation expenses, reimbursed out of pocket expenses and any salary must be declared to the Fund Accountant (Compliance) via HOPF PA on the CPD/training declaration form within 14 days of the meeting taking place.

CPD/training declaration forms will be reviewed by the HOPF and be reported to Pensions Committee annually.

The returned CPD/training declaration forms will be retained on a central file held by HOPF PA.

6.15 Gifts & Hospitality

6.15.1 The Council's policy in respect of gifts and hospitality is set out in full on the intranet and must be adhered to, along with the following guidance. For Fund employees, no employee or connected person may accept from any person any gift/hospitality or other benefit unless it is abundantly clear that, taking into account:

- the value of the gift/hospitality, and the circumstances in which it was given,
- there could be no suspicion in any one's mind that the recipient might be tempted to favour the giver to the prejudice of the Fund's interest.

In deciding whether or not it is appropriate to accept any gift or hospitality the following guidelines should be taken into account;

(a) There should be no cause for concern where an offer of hospitality is made by another non-commercial public body or one of its officers.

(b) Normal business courtesies, for example lunch and dinner invitations may be accepted where these follow or form part of a business meeting.

(c) Small gifts of modest value such as diaries and calendars may be accepted.

Hospitality/Entertainment is sometimes offered to senior officers as official representatives of the Fund and may be accepted in the following circumstances:

(a) If the Head of Pension Fund can justify acceptance in the context of fulfilling duties as a representatives of the Fund e.g. representing the Fund at business meetings.

(b) If the extent of the hospitality/entertainment is reasonable and is likely to be regarded as a normal part of the courtesies of public life e.g. a lunch or dinner invitation or social event offered at a conference or similar event to participants generally.

(c) If details of the hospitality/entertainment are recorded as soon as practicable (within 14 days), in a register to be maintained by the Head of Pension Fund PA, reviewed by the Fund Accountant (Compliance).

Regarding hospitality, where an invitation is to an event involving a number of clients, there is unlikely to be an issue as organisations regulated by the FCA must, themselves, comply with the criteria issued by the FCA. Where an invitation is personal, greater discretion should be exercised. In all cases, where an organisation is seeking work or is likely to be tendering for a contract within six months, or there is a risk of a conflict of interest (actual or perceived), acceptance should be avoided.

When an unacceptable gift is received without warning, this should immediately be reported to the Fund Accountant (Compliance) who will decide whether the gift should be returned.

In some circumstances, individuals may consider a donation to the Mayor's Fund to be appropriate and, in attendance, should also evaluate the split between work and personal time.

6.16 Procedure for declaration

Prior approval must be sought from the Head of Pension Fund prior to acceptance of any hospitality.

Gifts and hospitality must be reported to Compliance on the appropriate form if they are above the monetary limits for reporting or if there are circumstances which a reasonable person might conclude would require reporting to Compliance.

The description of the gift/hospitality needs to be sufficient to allow a third party to assess accurately what the gift/hospitality is and to attribute a fair market value to it where this is not immediately obvious. It should also be recorded on the form whether events are group or individual events.

Compliance will not normally consider it necessary to report a gift or hospitality unless it exceeds £25 in value or, in aggregate, gifts or hospitality received from the same party over 6 months, exceeds £50 in value.

All employees must ensure that gifts and hospitality offered, as well as received, are declared using the M17 form. Employees are required to make a return within 14 days. Forms (see appendix 5) are available at [Gifts-Hospitality notification form](#).

Returns should be submitted to the Head of Pension Fund PA and reviewed by the Fund Accountant (Compliance) and Group Accountant. They must include evidence of approval.

Signed copies of all M17 forms are sent to the Administration officer to be retained on the employee's personal file held at MPF.

The HOPF PA will maintain a register (M21) for the fund. The register will consist of a full record of all offers of gifts and hospitality offered and received, irrespective of whether they were accepted. This register is reviewed by the HOPF every month.

The register will be reviewed by Department Management Team on a quarterly basis.

Nil returns and notification of hospitality offers received and declined are required.

Any breach of this policy is likely to be considered under the disciplinary policy and this could, in some circumstances, lead to dismissal.

6.17 Whistleblowing

In accordance with Council policy, the Fund is serious about tackling all forms of serious malpractice and abuse and needs the support of all employees to help take action by whistleblowing before real damage is done.

It is an individual's responsibility to whistleblow if there are genuine concerns about the mistreatment of people; financial malpractice; dangers to health and safety; and cover-ups.

Full details of the Council's policy on whistleblowing can be found in The Confidential Reporting (Whistleblowing) Policy.

6.18 Confidentiality

6.18.1 Employees

(a) must not disclose information given to him in confidence by anyone, without the consent of a person authorised to give it, or unless he is required by law to do so and

(b) must not prevent another person from gaining access to information to which that person is entitled by law.

6.19 Home Working

The Council's policy is set out in full on the intranet. Some of the principles governing working from home are set out below.

Working at home in MPF Investments arises in two different types of situation:

(a) regular – as part of the normal working week under a formal arrangement and subject to a detailed agreement;

(b) specific – where there is a particular task to be done (usually with some urgency) and the work can be done with less distraction at home.

In setting up a regular arrangement, a detailed discussion with management is required to appraise how service needs might be affected and how access to the required resources is obtained. The formal process includes consideration of equipment requirements as well as a health and safety check of the home premises. In practice each

arrangement requires to be considered on its attributes and costs kept to a minimum.

In all circumstances, there needs to be a clear performance expectation and an understanding of the consequences if such is not delivered. A diary record is to be maintained of home working assignments, and the employee is required to be available for contact between 9 a.m. and 5 p.m. on a nominated landline and mobile phone. A form also needs to be completed confirming that expectations were met. Forms are retained in a central file by HOPF PA.

Agreement to home working is at management's discretion and, in the absence of an approved regular arrangement, must always be sought in advance with the appropriate Section Head or the Head of Pension Fund. Unauthorised absence may be considered as an act of indiscipline warranting formal action. There must always be adequate cover in the office and the efficient functioning of the Fund is an overriding consideration.