

# Bank Employee Trading Guidelines

Current as of 28 December 2007

## Preamble

The Austrian Stock Market Act, Securities Supervision Act of 2007 and Standard Compliance Code of credit institutions establish rules intended to ensure orderly and fair trading with financial and other instruments and fair treatment of all capital market participants. Credit institutions are required to issue rules for personal transactions by their employees, who are required to follow these rules. Any violations of these guidelines by employees could cause lasting damage to the credit institution's image. The employees who violate them are also subject to severe sanctions under labour law, civil law, and/or criminal law. The credit institutions shall comply with the obligation to set down rules by adopting and implementing the present guidelines with effect for all employment relationships. The following provisions constitute minimum requirements for internal rules of credit institutions.

## 1. Scope of application

The following rules – which are considered minimum standard – shall apply to all transactions in financial instruments as defined in the Austrian Securities Supervision Act of 2007 performed by bank employees outside the scope of their official responsibilities for their own account, for third party account or in the interest of third parties or performed by third parties for the account or in the interest of an employee (employee trading). Below, the relevant persons as defined in sec. 1 no. 29 Securities Supervision Act of 2007 shall be deemed employees in the meaning of the present guidelines. Personal transactions as defined in sec. 24 (3) Securities Supervision Act of 2007 shall be excluded, i.e.

1. personal transactions effected under a discretionary portfolio management agreement where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or other person for whose account the transaction is executed;
2. personal transactions in shares in investment funds as defined in the Austrian Investment Fund Act, i.e. investment funds of a domestic investment fund management company as per sec. 1 (1) of the Investment Fund Act, as well as investment funds consistent with the UCITS Guidelines. The above shall apply accordingly to shares in other shares in entities for joint investments, which in accordance with the legal provisions of a Member State are subject to the same degree of risk diversification and which are monitored in this respect. The relevant person as well as any other person for whose account the transactions are performed may not be involved in the management of the investment fund concerned.

## **2. Principles**

Employees transactions must not be contrary to the interests of the credit institution or of the customer. In particular, the above shall include the misuse of confidential information regardless of whether or not such information is suited to significantly affect the price or not. Furthermore, the above shall include transactions in violation of the principle that comparable customer orders must be executed in sequence and without delay or based on the principle that the customer's interests are always to be treated preferentially over the interests of the bank or its employees. Lastly, employees are prohibited from recommending such personal transactions to any other person or to incite such person to do so or to disclose information/opinions if such disclosure is liable to incite such person to conclude such transactions or to recommend such transactions.

The employees are not permitted to request or accept, for themselves or for third parties, gifts of money or other benefits that might prejudice their independence. The management of a bank may set minimum limits for gifts which, if exceeded, prompt the obligation to obtain approval.

## **3. Employee trading as a means of wealth-building**

The credit institution wishes to encourage its employees to acquire investment securities that serve as wealth-building investments. Employees should refrain from transactions involving frequent trades and counter-trades intended to profit from very rapid price fluctuations. In justified cases, the management may give special approval. Employees should also refrain from transactions that are disproportionate to their personal income and assets.

## **4. Employee trading on credit/loan basis**

For employee trading using settlement accounts and custody accounts, the account balances must be kept exclusively in the credit (taking securities cover into account) or else the transaction must be funded by a previously granted line of credit. The decision whether or not to grant a line of credit is made by the staff positions designated by the management; such decisions should be based on general principles, likewise established by the management.

## **5. Custody account and settlement account management**

Employees who work in areas of confidentiality should maintain their own custody accounts and the related settlement accounts at their own credit institution. Such employees shall report all custody accounts and settlement accounts with their credit institution to the compliance officer if the compliance officer is not able to query such data. In exceptional cases, such employees may also maintain their own custody accounts and the related settlement accounts at a credit institution other than their own. In this case, special approval by the management is required, and it is necessary to report any custody accounts and settlement accounts maintained at a third-party credit institution. The above requires that the other credit institution is released from banking secrecy and all declarations of consent relevant under data protection law are submitted. Such special approval may become obsolete in case of revocation of the release from banking secrecy and of the declarations of consent relevant under data protection law.

Other employees should maintain their custody accounts and settlement accounts at their own credit institution.

All employees within the meaning of sec. 1 no. 29 Securities Supervision Act of 2007 may not process their financial transactions as over-the-counter transactions. On a case-by-case basis, a specific transaction may be approved in advance by the compliance officer. Orders regarding financial instruments within the employees' own bank shall be passed by the employees through the settlement account/custody account office. It is not permissible to issue direct orders within one's own bank, e.g. directly with the trader. Generally, agreements between employee and credit institution on prices that are not in conformity with the market are not be permitted.

## **6. Information and reporting duties**

To meet their compliance tasks, employees shall at the request by the credit institution provide complete information about all employee transactions, incl. transfers from the custody account. In addition, employees in areas of confidentiality must report all of their transactions that are not performed through their own credit institution, as soon as they place the order, at the latest on the day after the order has been executed. If necessary, all employees are to release the bank at which the settlement account/custody account is kept from its duty of banking secrecy vis-à-vis the compliance officer and make all relevant declarations of consent required by data protection law.

## **7. Employee trading in securities on the watch list or restricted list**

The credit institution reserves the right to restrict transactions by employees or to cancel them after the fact. The compliance officer may also prohibit the execution of transactions involving securities on the watch list that have come to his attention. Employee transactions involving securities on the restricted list are prohibited if the restricted list has been communicated to these employees or they have otherwise gained knowledge of it.

## **8. Powers of attorney and powers to sign**

Employee in areas of confidentiality may not execute transactions for the account or in the interests of third parties – with the exception of family members (spouses, life partners and children) – in their own name and through their own settlement accounts and custody accounts held with the credit institution. Powers of attorney and signatory powers for third party accounts or depots kept with the employee's own or another bank may – with the exception of relatives – be assumed only upon prior approval of management. The above requires that the other credit institution is released from banking secrecy and all declarations of consent relevant under data protection law are submitted. Such special approval may become obsolete in case of revocation of the release from banking secrecy and of the declarations of consent relevant under data protection law.

Employees outside confidential areas should comply with these provisions.

## **9. Trading involving positions held by the bank and customer orders**

Employee trading involving positions held by the bank and managed by the employee or involving customer orders that he or she executes is subject to prior approval by the management or by the staff designated by the management. This shall not apply to the purchase of investment instruments held by the credit institution under the conditions previously established by the credit institution.

## **10. Subscriptions / allotments**

If allotments are made during securities issues, the management or the staff designated by the management shall decide on the manner of allotment. Employees must not be treated more favourably than customers in the allotment.

## **11. Handling of violations**

Violations of these guidelines shall be documented by the compliance officer and, depending on the seriousness of the incident, shall be reported to the person responsible. The compliance officer may be heard prior to deciding on adequate actions, which may go as far as termination of the employment agreement. The compliance officer shall be notified of any actions taken.