

*(Sample)*

# ***Code of Conduct***

*a/k/a*

# ***Code of Ethics***

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## **CORPORATE STATEMENT**

A financial institution's activities are affected by laws and regulations, as well as its responsibilities to its shareholders, customers, employees and the community in which it serves. The Code of Conduct provides the avenue for ensuring that the conduct of its employees is consistent with the institution's corporate responsibilities.

This Code of Conduct embodies not only legal and regulatory requirements, but also the standards by which our employees must conduct themselves.

## **CONFLICT OF INTEREST**

A financial institution's reputation for integrity is its most valuable asset and is directly affected by the conduct of its employees. For this reason, employees must not use their position for private gain, to advance personal interests, or to obtain favors or benefits for themselves, members of their families, or any other individuals, corporations or business entities.

A basic premise of this Code of Conduct is that each employee represents \_\_\_\_\_ and is obligated to act in \_\_\_\_\_'s best interest, and in the best interests of its customers and stockholders, without regard to the employee's personal or financial interest or activities. Employees are expected to recognize and avoid those situations where personal or financial interest or relationships might influence or appear to influence the employee's judgment on matters affecting our institution.

Employees should understand that a conflict of interest may arise when there is a mere opportunity for conflict to occur. Although employees may not intend to create a conflict of interest, they should manage their affairs to avoid even the appearance of such a conflict. If an employee has any doubt about a certain situation, the employee should contact his/her supervisor to discuss it immediately.

## **CONFIDENTIAL INFORMATION**

The unauthorized use or release of confidential information during or after employment with \_\_\_\_\_ is a breach of this Code of Conduct. Confidential information with respect to \_\_\_\_\_, its customers, prospective customers, suppliers, shareholders, and employees acquired in the course of business is to be used solely for corporate purposes and never to be discussed with or divulged to unauthorized people. The need for confidentiality extends to everyone, including family, friends and acquaintances.

Customers, suppliers, shareholders and employees expect \_\_\_\_\_ and its employees to keep information regarding their personal and business affairs in strict confidence at all times. Examples of confidential information include the following: customers', suppliers', shareholders' or employees' business relationships, loans,

accounts, balances, credit ratings, experiences, or any other transaction with \_\_\_\_\_ . Other examples of confidential information include, but are not limited to corporate policies, objectives, goals and strategies; lists of clients, customers or vendors; employee records; and other materials such as graphs, memoranda, documents, manuals, reports, records, software or hardware for use in computer or word processing equipment, training materials, bulletins, and similar originals or copies of records whether or not you have contributed to their creation. When an employee leaves \_\_\_\_\_, the employee may not retain any confidential information.

Confidential information available to one affiliate or department of \_\_\_\_\_ should only be communicated to other affiliates or departments when there is a legitimate business need to know.

## **INSIDER TRADING**

An employee's position with \_\_\_\_\_ may provide that employee with access to "material non-public information." "Material non-public information" includes information that is not available to the public at large which would be important to an investor in making a decision to buy, sell or retain a security. Common examples of information that will frequently be considered material are as follows" projections of future earnings or losses; news of a pending or proposed merger or acquisition, tender offer or exchange offer; news of a significant sale of assets or the disposition of a subsidiary; changes in dividend policies or the declaration of a stock split or the offering of additional securities; significant changes in management; significant new products or discoveries; or impending financial liquidity problems. It should be noted that either positive or negative information may be material

An employee in possession of "material non-public information" shall not pass that information on to others, and shall not purchase or sell a security or recommend a security transaction of the employee's own account, the account of a family member, the account of \_\_\_\_\_, any customer of \_\_\_\_\_ or any other person. After the information has been publicly disclosed through appropriate channels, an employee should allow a reasonable time to elapse (at least three business days) before trading in the security, to allow for public dissemination and evaluation of the information. The use or disclosure of such information can result in civil or criminal penalties under federal securities laws, both for the individual concerned and for \_\_\_\_\_.

## **RELATIONSHIP WITH THE INVESTMENT COMMUNITY**

Institutional investors and securities analysts play a critical role in establishing the pricing and liquidity of \_\_\_\_\_'s stock and other publicly held securities. To ensure proper disclosure and consistency of information, all communications with members of the investment community should be coordinated with the proper in-house department.

## **FINANCIAL ACCOUNTABILITY AND INTERNAL CONTROLS**

\_\_\_\_\_ has numerous internal control policies and procedures. \_\_\_\_\_ expects all employees to be familiar with and operate within established internal controls. \_\_\_\_\_'s internal and external auditors periodically audit internal control policies, procedures and compliance in order to assess the

sufficiency of these controls. All employees involved in these periodic assessments shall provide accurate information and shall complete the internal control certifications in a timely manner.

### **INTEGRITY OF ACCOUNTING AND FINANCIAL INFORMATION**

\_\_\_\_\_ maintains the highest standards in preparing the accounting and financial information disclosed to the public. There should never be issued any information that is false, misleading, incomplete or would lead to mistrust by the public, our customers, or our stockholders. All accounting records shall be compiled accurately, with the appropriate accounting entries properly classified when entered on the books.

No payments on behalf of \_\_\_\_\_ shall be approved or any transaction made with the intention or understanding that part or all of such payment will be used for any purpose other than that described by the documents supporting it. No fund, asset, or liability of \_\_\_\_\_ shall, under any circumstances or for any purpose, be concealed or used for an unlawful or improper purpose.

### **MONEY LAUNDERING AND TRANSACTION STRUCTURING**

\_\_\_\_\_ may unknowingly be used to launder money derived from criminal activity. The intention behind these types of transactions is to hide ownership of the funds from the government. \_\_\_\_\_ makes every effort to resist being associated with money laundering or any other type of criminal activity.

Any employee who knowingly and willfully launders money, or attempts or assists someone in laundering money is subject to substantial fines or imprisonment or both. Also, in accordance with the Bank Secrecy Act (BSA), any employee who willfully structures a transaction, or attempts or assists someone in structuring a transaction to avoid the currency reporting requirements of BSA is subject to substantial fines and up to twenty years imprisonment.

\_\_\_\_\_ employees are prohibited from engaging in money laundering and/or transaction structuring. \_\_\_\_\_'s prosecution policy will apply in all cases. All employees are required to immediately report all attempts to launder money, structure a transaction and/or all suspicious activities.

### **EMBEZZLEMENT, THEFT, AND MISAPPLICATION OF FUNDS**

\_\_\_\_\_ holds each employee responsible for maintaining accurate and complete records. Anyone who embezzles, steals, or willfully misappropriates any monies, funds, or credits of \_\_\_\_\_ is subject to fine or imprisonment or both. \_\_\_\_\_'s prosecution and restitution policy will apply in all cases.

### **USE OF CORPORATE NAME AND LETTERHEAD**

\_\_\_\_\_ 's name, logo or corporate letterhead may not be used for any purpose other than in the normal course of official company business, unless expressly approved by senior management.

## **RELATIONSHIP WITH THE MEDIA**

\_\_\_\_\_ 's relationship with the media is an important one that affects our image in the community. Employees should refer all questions or requests for information from reporters or other media representatives to \_\_\_\_\_ to ensure consistency and accuracy of information.

## **THINGS OFFERED TO EMPLOYEES**

It is a federal crime for any officer, director, employee, agent or attorney of \_\_\_\_\_ to corruptly solicit, demand or accept for the benefit of any person anything of value from anyone in return for any business, service or confidential information of \_\_\_\_\_, intending to be influenced or rewarded, either before or after a transaction is discussed or consummated. Although all transactions and businesses are covered, some examples include extensions of credit, underwriting transactions, investment advice, trust matters, checking accounts and purchases from suppliers. The person who improperly offers or promises something of value under these circumstances is guilty of the same offense. Substantial criminal penalties can result from non-compliance.

It is not uncommon for bankers to have close social or family ties with some of those with whom they do business. Things of value exchanged between a \_\_\_\_\_ employee and family members or social friends are not covered by this Code of Conduct if they are exchanged solely because of the family or social relationship and not in connection with a bank transaction or bank business. However, the exchange of things of value that may create the appearance of a conflict of interest should be avoided.

Although acceptance of things of value in connection with bank business is generally prohibited, an employee may accept meals, refreshments, travel arrangements or accommodation, or entertainment, all of reasonable value, in the course of a meeting or other occasion the purpose of which is to hold bona fide business discussions or to foster better business relations, provided the benefit would be paid for by \_\_\_\_\_ as a reasonable expense if not paid for by another party; advertising or promotional material of nominal value, such as pens, pencils, note pads, key chains, calendars and similar items; discounts or rebates on merchandise or services that do not exceed those available to other customers; gifts of modest value that are related to commonly recognized events or occasions, such as a

promotion, new job, wedding, retirement, Christmas, bar or bar mitzvah; civic, charitable, educational or religious organizational awards for recognition of service and accomplishment.

However, an employee may not receive things of value for purely personal benefit, or for the personal benefit of anyone other than \_\_\_\_\_, which serve no demonstrable business purpose. Gifts of cash in any amount of expressly prohibited.

On a case-by-case basis, \_\_\_\_\_ may approve other circumstances, not described herein, in which employees may accept something of value in connection with \_\_\_\_\_ business. Approval may be given by senior management, after consultation with legal counsel, in writing on the basis of a full written disclosure of all relevant facts submitted by the employee, providing compliance with federal law.

Whenever any situation arises with regard to matters concerning things of value, you

must make full disclosure to \_\_\_\_\_ management and receive management's written response. Permanent files must be maintained of all disclosures and responses.

### **THINGS OFFERED BY EMPLOYEES**

Employees may not, on behalf of \_\_\_\_\_ in connection with any transaction or business of \_\_\_\_\_, directly or indirectly give, offer, or promise anything of value to any individual, business entity, organization, governmental unit, public official, political party or any other person for the purpose of influencing the actions of the recipient. This standard of conduct is not intended to prohibit normal business practices such as providing meals, entertainment, tickets to cultural and sporting events, promotional gifts, favors, discounts, price concessions, gifts given as token of friendship or special occasions (such as Christmas), so long as they are of nominal and reasonable value under the circumstances and promote \_\_\_\_\_'s legitimate business interests.

### **ESTATE MATTERS**

No employee or member of an employee's family (with certain limited exceptions) may accept any benefit under a will or trust instrument of a customer of \_\_\_\_\_ with a value greater than \$1,000 unless the customer is a member of the employee's family or senior management has approved, after consultation with legal counsel. An employee may never demand, request or solicit any benefit under a will or trust instrument of a customer of \_\_\_\_\_.

No employee or member of an employee's family may act in any fiduciary capacity under a will trust, or other instrument of a customer of \_\_\_\_\_ unless prior senior management approval has been obtained after consultation with legal counsel and the employee turns over to \_\_\_\_\_ any commission or fees received. This does not apply to a will, trust or other instrument established by a member of the employee's family.

In all estate or trust matters involving employees where \_\_\_\_\_ is a fiduciary senior management of \_\_\_\_\_ must be consulted in advance in order to ensure compliance with applicable laws and regulations.

### **OUTSIDE ACTIVITIES**

Employees' activities must not interfere or conflict with the interest of \_\_\_\_\_. Acceptance of outside employment, outside speaking engagements, election to the board of directors of other organizations, representation of \_\_\_\_\_ customers in dealings with \_\_\_\_\_, and participation in activities on behalf of outside organizations or in political activities represent potential conflicts of interest.

Appropriate gainful employment outside the \_\_\_\_\_ system is permissible, but discouraged. Employees should not engage in outside employment that interferes with the time and attention that must be devoted to their duties at \_\_\_\_\_ or adversely affects the quality of the work they perform.

Outside employment should not compete or conflict with the activities of \_\_\_\_\_; involve any use of company equipment, supplies, or facilities; imply

\_\_\_\_\_ 's sponsorship or support; or adversely affect \_\_\_\_\_ 's reputation. Employees must disclose all outside employment to senior management.

Approval must be obtained prior to engaging in any outside employment.

\_\_\_\_\_ encourages employees to participate in worthwhile civic, social, educational and charitable organizations and activities. However, employees must not act without senior management approval in the following capacities; any signing capacity on any account of another, except a family member, held in \_\_\_\_\_; an official of any organization, except for social, religious, philanthropic or civic organization, colleges or schools, neighborhood associations, clubs within \_\_\_\_\_ or trade or professional organizations associated with banking or business.

### **SOUND PERSONAL FINANCES**

The manner in which employees manage their personal finances can affect on-the-job performance and \_\_\_\_\_ 's image in the community. Therefore employees must avoid any circumstances that may lead to over extension of credit or salary attachments or drawing checks against insufficient funds or other financially embarrassing situations. If an employee checking account is overdrawn three times within six months, the free privilege may be withdrawn.

Employees and their families should borrow only from financial institutions that regularly lend money. Borrowing may be done only on a normal basis with no favored treatment. Employees and their families may not borrow from customers and suppliers except those who engage in lending in the usual course of their business and then only on terms customarily offered to others under similar circumstances without special concessions as to interest rate, terms, security, repayment terms and penalties.

### **EMPLOYMENT OF RELATIVES OR PERSONS HAVING CLOSE PERSONAL RELATIONSHIPS**

To minimize security risks and avoid conflicts of interest, immediate family members or other persons with whom an employee has close personal relationships should not work in the same department, be placed in positions where one may supervise another or be placed where one may be in a position of processing, tracking, monitoring or recording of transactions initiated by the family member. Exceptions to the policy must be approved by affiliate senior management.

### **DISCLOSURE AND RECORDKEEPING**

If an employee believes he/she will be in violation of this Code of Conduct, the employee must disclose the facts of the situation to his or her supervisor or other appropriate \_\_\_\_\_ officer. Failure to do so is a separate breach of this Code.

Disclosure should always be in writing, and a written response to the employee should be given by senior management. A file of disclosures and responses should be maintained by each affiliate.

### **ACKNOWLEDGMENT**

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Every employee will be required to sign a statement that he or she has read this Code of Conduct and understands its provisions and agrees to abide by them. Employees may also be required to provide a periodic acknowledgment.

### **CODE OF CONDUCT VIOLATIONS**

Any employee who violates any section of this Code of Conduct is subject to disciplinary action up to and including termination.

Suspicious of Code of Conduct violations and/or other criminal activity or business abuses should be reported immediately to one's supervisor or other officer of

\_\_\_\_\_.