

Financial Conduct Authority

Conflict of Interests Policy for Non-Executive Directors

February 2019

1 Introduction and principles of the policy

- 1.1 Non-Executive Directors of the Financial Conduct Authority (FCA) and Payment Systems Regular (PSR) are required to comply with the conflict of interests policy(the policy).
- 1.2 This exists to protect you, the FCA and the PSR. Compliance is mandatory and breaches may result in disciplinary action, up to and including removal from the Board. Failure to follow the policy may also mean you have committed a criminal offence (information regarding criminal offences can be found at Annex 2).
- 1.3 The principal purpose of this policy is to ensure public confidence in the FCA and PSR is maintained by avoiding a perception that:
 - an individual could be unduly influenced or may not be wholly independent, disinterested and impartial when acting as a member of the Board, or
 - a firm with which a Board member is connected may have an unfair competitive advantage by reason of assumed access to information or policy thinking
- 1.4 The principles of the policy are:
 - a) always act with honesty and integrity
 - b) ensure that you do not use any knowledge or information acquired through your role to inappropriately benefit yourself or others
 - c) always make the Chair or the Company Secretary aware of any actual or potential conflict of interests and agree with them how they should be managed
 - d) Do not seek a profit (or avoid a loss) for yourself or others by making personal use of information acquired during your duties.
 - e) ensure you are not open to (or perceived to be open to) improper influence through the acceptance of gifts or hospitality
 - f) Exercise caution in managing your finances and do not undertake transactions that, by their nature or purpose, would be improper.
- 1.5 These principles are not exhaustive and it is important that you follow the spirit, rather than just the letter, of the policy. If you are unclear about anything, please speak to the Company Secretary.
- 1.6 You are required to:
 - a) read and familiarise yourself with the policy
 - b) gain permissions, self-certify or make the disclosures required
 - c) confirm annually that you have read, understood and complied (as appropriate) with this policy and confirm your declarations.
- 1.7 Monitoring will be the responsibility of:
 - a) **you**, who must ensure that you comply with this policy, and escalate any issues you consider appropriate
 - b) **the Chair**, who must ensure that any conflict of interests are properly mitigated
 - c) **the Company Secretary**, or their nominee, who will:
 - ensure that an adequate system is in place for recording declarations, gifts and hospitality
 - receive reports on the gifts declared centrally and may request information on the information recorded to assure themselves that employees are complying with the policy
 - receive copies of requests to deal
 - monitor compliance annually on declarations of interest and relevant attestations and inform local management of compliance

2 Conflict of interests

General principles

- 2.1 The work of the FCA and PSR must be carried out in an environment that is free from any suggestion of improper influence. The FCA and PSR must be able to publicly defend the actions of individuals in relation to this policy to prevent reputational damage. It is your responsibility to bring potential or actual conflict of interests to the attention of the Chair or the Company Secretary as soon as you become aware of them.
- 2.2 You must take steps to ensure that any conflict of interests to which you may be subject does not affect, or reasonably appear to affect, a decision taken by the FCA or PSR. You must disclose all interests that could conflict, or appear to conflict, with your duties at the FCA or PSR. This includes any of your relevant interests, or the interests of your close family of which you are aware.
- 2.3 You must not exploit, or reasonably appear to exploit, any personal or professional relationships with a relevant organisation, (or an officer or employee of a relevant organisation) or an organisation with which the FCA or PSR has a contractual relationship (or an officer or employee of such an organisation).

What is a conflict of interests?

- 2.4 A conflict of interests arises when your work for the FCA or PSR could be affected by a personal interest, personal association or personal interest or association of your close family. It becomes significant if an independent third party might reasonably take the view that there is a risk of your resultant actions (or those of a personal associate) being affected, whether or not they are actually affected. It includes situations where a relevant individual has an interest (whether personal or professional) in any dealing or business being considered by the Board which may give rise to a perception of undue influence or that the individual concerned may not be wholly independent, disinterested and impartial when acting as a member of the FCA or PSR Board, in particular with regard to the exploitation of any property, information or opportunity.
- 2.5 Conflict of interests may arise in various ways. For example, as the result of:
 - a) a direct or indirect financial interest
 - b) a direct or indirect financial interest held by a commercial undertaking with which you have connections
 - c) a personal association or relationship with those affected, or likely to be affected, by the information or issue in question
 - d) an expectation of a future interest (for example, future employment)
 - e) in some cases, a previous association with the information or issue in question
 - f) a relevant interest of a close family member, in the types of circumstances set out above at a-e
 - g) an interest arising from a common interest grouping, such as a trade association or other public or private society

This list is not exhaustive, nor will all of the examples necessarily give rise to significant conflict of interests. If you are in doubt about whether a conflict has arisen, please consult the Chair or Company Secretary.

Personal relationships

2.6 You are required to disclose close personal relationships which could create or be perceived to create a conflict of interests, influence or unfair advantage.

- any close family member (spouse or partner, parent, sibling or child):
 - working in the FCA or the PSR
 - working in an FCA-regulated firm or a listed firm
 - working in any firm regulated by the PSR, such as a payment-systems operator (cards and interbank), payment-service provider or infrastructure provider to a designated system
 - working in financial, economic or political journalism
 - working in a firm holding or tendering for a contract with the FCA or the PSR
 - holding a national elected public office (MPs, the Scottish Parliament, the London, Northern Ireland or Welsh Assemblies)
- any other close personal relationship with an individual, or an organisation, that could reasonably give rise to an actual or perceived conflict of interests in relation to:
 - a specific decision in which you are involved
 - your work more generally, given your role and that of the individual or organisation in question

Please contact the Company Secretary if you need guidance on whether a close family relationship or close personal relationship should be disclosed. If you cannot reasonably be expected to know the situation of a close family member or close personal relationship, the Company Secretary may allow an exception to the disclosure requirement.

Provision of products and services by relevant organisations

2.7 The products and services provided by relevant organisations are wide ranging. You might hold assets (e.g. deposits, collective investments, endowment and insurance policies, etc) and/or liabilities (e.g. mortgage loans, personal loans, credit card loans etc); you may also use a relevant organisation to provide a service such as share dealing. Although the provision of products and services is not likely to give rise to gains (or losses) in the same way as dealings in securities and related investments, conflict of interests can arise, e.g. in the case of a dispute with the provider concerned or where there are significant arrears on a mortgage or other loan product.

2.8 Where you believe that your relationship with a particular product or service provider could give rise to a conflict of interests, you must disclose that fact to the Chair or Company Secretary.

Procedure for disclosure of interests

2.9 When you are appointed as a NED (non-executive director) you must complete a disclosure of interests form with details of:

- a) Personal relationships (as outlined in paragraph 2.6).

- b) any post, other employment, or fiduciary positions that you hold, or have held in the past five years in connection with a relevant organisation or an organisation that presently, to your knowledge, has a contractual relationship with the FCA or PSR.
- c) any other relationships that you have, including a professional, personal, financial or family relationship, held in connection with or capable of affecting a relevant organisation. This includes the names of organisations with which you hold:
 - o securities and/or related investments
 - o pension products
 - o investments with life assurance content
 - o mortgages
 - o endowment policies
 - o collective investment schemes
 - o holdings in investment portfolios (including where full or partial discretion is given to the investment manager)
 - o interests in hedge funds and private equity funds
 - o savings with a single firm above the Financial Services Compensation Scheme's limit

For the purposes of disclosure under the policy, your relationship is with the firm managing your investment rather than with a particular fund

- d) the names of organisations with which you have entered into any ongoing formal loan arrangements under which you have borrowed a capital sum of £5,000 or more and which you expect to continue to exist for at least six months. You need not disclose the amount borrowed or its purpose, only the existence of the relationship. For the purposes of this policy, you do not need to disclose payday loans, credit cards, overdrafts, peer to peer lending or other similar arrangements.
- e) you are also required to make a disclosure in the circumstances described in para 2.7, e.g. if you are in dispute with a relevant organisation over the provision of products or services.
- f) any close family who hold positions or are employed by the FCA or PSR, a relevant organisation or a firm connected with FCA or PSR business, such as a supplier or professional adviser.
- g) you shall disclose details of the securities that any close family holds.

2.10 You must immediately notify the Company Secretary immediately of any changes to the information disclosed under 2.9.

2.11 The Company Secretary will keep a permanent record of all disclosures made under this section of the policy. That information will be kept confidential and will not be disclosed except where there is:

- a) a requirement for disclosure for the purposes of managing potential or actual conflicts
- b) a requirement for disclosure for the purposes of disciplinary proceedings
- c) any legal or regulatory obligation to disclose the information

2.12 In addition to disclosures under 2.9 and 2.10 you should be alert to the possibility of conflict of interests arising when the business before the Board or a Committee or arising in other circumstances relates in some way to your financial or other interests. When you identify such a potential conflict of interests you should declare it to the Chair of the meeting and the Company Secretary, in advance where possible. You should take the advised steps to manage or avoid the conflict as a result of this.

2.13 A general disclosure of interests under the provisions of the policy is not a substitute for making specific disclosures when you are faced with a potential conflict of interests in a Board meeting, Committee meeting or otherwise.

Personal dealings in securities and related investments

General principles

- 2.14 It is essential, both in your interests and those of the FCA and PSR, that proper arrangements are in place that allow both the FCA and PSR and you to show that individual investment decisions have not been influenced by information made available to you, confidentially, in the course of our business. This section of the policy sets out the basic framework within which dealings in securities and related investments are managed.
- 2.15 You should also seek clearance in advance of carrying out any financial transaction in relation to relevant organisations not specified below, but which, in the nature and spirit of these rules, could reasonably be seen as sensitive.

Restrictions on dealings in securities and related investments

- 2.16 As a NED you have certain restrictions on dealing:
- a) Your contract for services as a NED sets out certain restrictions on your ability to own shares in financial services companies.
 - b) You shall not and any close family should be requested not to during your term of office, acquire any securities or related investments in an authorised firm.
 - c) Permission to buy securities or related investments in an authorised firm or a firm regulated by the PSR will not be granted due to the increased risk of exposure to sensitive information held by the FCA and the PSR.
 - d) You are not permitted to invest in securities or related investments in any relevant organisations on a short-term, speculative basis. This is for the protection of both you and the FCA and PSR, as such investments could more readily create perception of abuse of information than other investments. Permission will normally not be granted to sell any securities or related investments if the securities have been held for less than 6 months.
 - e) In exceptional circumstances, you may be given permission, to sell (but not buy) securities or related investments when you would normally be prohibited from doing so. An example would be a pressing financial commitment on your part that could not otherwise be satisfied. The decision on whether the circumstances fall into this category must be made both by your manager and, to ensure consistency, by the ethics officer.
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- a) A member of the FCA or PSR Board may acquire securities or related investments in an authorised firm or a firm regulated by the PSR of which he/she is a director where (a) such directorship has previously been approved in accordance with this policy and (b) the acquisition of such shares is a condition of holding such directorship.
 - b) A member of the FCA or PSR Board may acquire securities or related investments in an authorised firm or a firm regulated by the PSR in circumstances beyond their control – for example by way of gift or inheritance – but should disclose such acquisition to the Chair or Company Secretary without delay and obtain permission to hold such securities. If the size of the holding acquired in this way, or its nature, may give rise to a perception that the individual concerned may not be wholly independent, disinterested and impartial when acting as a member of the Board, you may require the member to dispose of the holding.
 - c) Taking out a contract for differences (CfD), which includes 'spread betting' in UK company securities (single equity/vanilla CfDs), UK indices/sectors or the UK equity market as a whole, is prohibited. However, you are able to invest in a fund

of CfDs where full discretion is given to the fund manager. In addition to this you are also prohibited from engaging in wagering contracts and fixed odd bets on UK companies or equities including indices/sectors and the UK equity market as a whole.

Examples of what is acceptable include:

- sporting spread bets
- investing in a fund of CfDs

Examples of what is not acceptable include:

- a spread bet that the FTSE will go down
- placing a bet that equity X will go up in value

The above prohibition in relation to CfDs and wagering contracts/fixed odd bets reflects the fact they tend to have very short-term positions and a perception of an abuse of information could come about much more easily than with other investments.

Other dealings in securities and related investments

- 2.17 You are required to self-certify any dealings in securities or related investments in any other company. This requires you to confirm in writing to the Company Secretary that you do not hold any 'inside' or 'confidential' information in relation to the issuer or security that you are dealing in. You should also declare, in good faith, that there is no other reason why it would be inappropriate for you to deal in the security in question.
- 2.18 You must self-certify as soon as possible after dealing but in any event within 48 hours. You cannot self-certify in advance.
- 2.19 Self-certification should be by email to the Company Secretary. The Company Secretary will arrange for the notification to be retained for information. You should set out the details of the transaction including whether it is a sale or purchase, of what (e.g. shares in X or bonds in Y) and whose name the transaction is in (yours or a close family member). The email should also contain a self-certification declaration in the following terms:
- 'I confirm that I do not possess any unpublished price-sensitive, confidential or inside information about the company, securities or related investments that I am self-certifying in this email. There is no other reason why it would be inappropriate for me, as a Non-Executive Director of the FCA/PSR,, to deal in the way set out.'*
- 2.20 You do not need to self-certify in relation to blind trusts (where you do not know what instruments your money is invested in), however, you must make advance disclosure of the existence of a blind trust as described in 2.9 above.
- 2.21 If you have investments in a portfolio where full discretion is given to the investment manager you should make advance disclosure of the existence of this as described in 2.9 above. No further declaration or self-certification is needed where you have confirmed in your disclosure that you do not give direction as to the strategy followed by the investment manager.
- 2.22 If you hold investments in a portfolio where only partial discretion is given to the fund manager or where you occasionally or regularly give instructions as to broad investment strategy to the investment manager you should make advance disclosure as described in 2.9 above. In addition to the initial disclosure in 2.9 of this policy, you should make a self-certification every time you give instruction on specific investments or broad investment strategy to your investment manager in line with this chapter, which for these purposes includes discussions on broad strategy where no specific instructions are given.

3 Policy on the acceptance of gifts and hospitality

General principles

- 3.1 It is possible that as a NED you may be offered, and may need to give, gifts and hospitality during the course of your dealings with relevant organisations and professional advisers. It is important to know and network with the industries and stakeholders with which the FCA or PSR interact, so we encourage networking which contributes to improving our stakeholder relations.
- 3.2 However, the FCA and PSR need to operate in a way that is publicly defensible, so you must be cautious about accepting and giving gifts and hospitality that could give grounds for suggestions of undue influence. The policy includes guidance, but does not attempt to cover every situation and must be interpreted by applying common sense to the particular circumstances of each case.
- 3.3 The policy applies only to gifts and hospitality offered to, or given by, you in your position as a NED of the FCA or PSR. It does not apply to gifts or hospitality offered to, or given by, you on a personal basis that is unconnected with your role.
- 3.4 You must not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which you have, or may have, official dealings as a result of your NED position. (This does not apply to schemes negotiated for all employees e.g. discount schemes with local business.)

Policy

- 3.5 The policy requires you to record, and in the required circumstances, record, declare and surrender any gifts you receive or give in the course of your work as a NED.

Policy when receiving gifts

- 3.6 You should exercise caution when accepting a gift, although it is recognised that there are circumstances in which it would be impractical or potentially offensive to refuse. If gifts are received the following applies:
 - a) all gifts with a recommended retail price (RRP) of under £30 may be retained by you but **MUST** be recorded by the Company Secretary unless they are of token value.
 - b) monetary gifts (including redeemable vouchers) **MUST NOT** be accepted. If a monetary gift is received, you may ask for it to be donated to a charity of your choice.
 - c) any gift received that has a RRP of £30 or more **MUST** be declared and surrendered to the Company Secretary, or their nominee, who will make suitable arrangements for its use such as for charitable purposes or for its disposal.
- 3.7 If you are asked to speak at an event in your capacity as a NED, you shall seek prior approval. It is not our policy to charge a fee for providing a speaker at a dinner or conference and it should be made clear that no payment is expected or required. The principles in paragraph 4.6 apply to all gifts received by a NED when giving a speech on behalf of the FCA or PSR. The principles in paragraphs 4.12 to 4.15 apply to hospitality received by a speaker.
- 3.8 Table 4.1 sets out the position with regard to recording, declaring and surrendering gifts.

Table 4.1

Value of gift	Record	Declare and surrender to the Company Secretary
Token value	No	No
Less than £30	Yes	No
More than £30	Yes	Yes
Monetary gifts (or equivalent)	Yes	Yes Must NOT be accepted but you may suggest a donation to charity. The offer and evidence of what was done with the monetary offer MUST be recorded and declared.

Prizes

- 3.9 There may be occasions when you enter, or are entered into, competitions at events you attend in your role as a NED. In some circumstances, if a prize is won, these may be indistinguishable from gifts and could be perceived as potential bribes. Accordingly, the policy when receiving gifts set out above will apply.
- 3.10 In general, if you win a prize, and this is related to your position, the prize must be recorded with the Company Secretary, unless it is of a token value. Those with a value of £30 or more must be surrendered if they are awarded by the organiser of the event, a supplier or prospective supplier to the FCA or PSR or by a regulated firm and if entry to the draw or competition is an automatic result of attendance at the event. If prizes are awarded in other circumstances, the Company Secretary should be consulted for a decision on whether it would be appropriate for you to retain the prize. This will be a matter of judgement depending on the individual circumstances in each case, but relevant factors are likely to include the identity of the donor and whether there was any element of skill involved in winning the prize.

Policy when receiving hospitality

- 3.11 Interaction with regulated firms, professional advisers and other interested parties, including suppliers or potential suppliers, is an important part of our work. Hospitality may be offered by them as part of that interaction and would therefore be acceptable. It is important, however, that we can defend itself against any possible suggestions of undue influence and can reply to any requests under the Freedom of Information Act.
- 3.12 Table 4.2 provides guidance of what is permissible and whether or not it is recordable but does not attempt to cover every situation and must be interpreted by applying common sense to the particular circumstances of each case.

Table 4.2

Type of hospitality	Venue	Permissible (assuming not exclusive or expensive)	Record to include details of the hospitality received and the organisation giving it
Working breakfast or lunch	FCA/PSR's premises or any third party's office	Yes	No
Working breakfast or lunch	Restaurant or other venue away from office premises	Yes	Yes
Drinks reception or similar networking opportunity	Any venue either at or away from office premises	Yes	Yes
An evening meal	Any venue either at or away from office premises	Yes	Yes

- 3.13 Accepting exclusive or expensive hospitality could easily be misinterpreted by the press or others. It is therefore not usually appropriate to accept such an invitation except, perhaps, where it would increase your effectiveness in discharging your role or otherwise significantly further the FCA's or PSR's interests. There is no comprehensive definition of what constitutes exclusive or expensive hospitality, but it would include invitations to major sporting or cultural events, particularly if only a small number of people have been invited to attend. The Company Secretary may authorise acceptance of hospitality not covered in Table 4.2 and which could be regarded as exclusive or expensive if, in their judgement and having considered all the relevant factors, they consider it appropriate.
- 3.14 It will be for you to assess whether you are meeting someone in a personal capacity or not. You do not need to declare any personal invitations.
- 3.15 When making overseas visits you may be offered hospitality that in normal circumstances would be viewed as exclusive or expensive (see 4.14 above). However, it may be appropriate to accept hospitality from the host that would need to be approved retrospectively by the Company Secretary who will keep a record. Local customs may also favour the giving and/or receiving of gifts. If this situation is likely to arise you should take appropriate advice, agree in advance what would be acceptable with the Company Secretary who will keep a record.
- 3.16 If it has been agreed that you can accept an invitation to give a speech then it is acceptable for a third party to meet some or all of the travel and/or accommodation costs. This applies whether or not you would normally be attending the event as a delegate anyway. The position in respect of food is detailed in Table 4.2 above.
- 3.17 You should declare all hospitality received by email with information on when the hospitality was received, the nature of the hospitality, who provided it and the estimated cost to the Company Secretary.

Policy when giving gifts and hospitality

- 3.18 You should exercise caution when giving gifts (except 'token' gifts) and hospitality to third parties. However, if it is required, the following principles should be applied:
- a) the giving of gifts and hospitality must be pre-authorised by the Chair or the Company Secretary and must be recorded by the Company Secretary
 - b) in determining whether the giving of a gift is appropriate, consideration should be given to the recipient, the value of the gift and the reason for it
 - c) hospitality given should be within the boundaries of our travel and expenses policy

ANNEX 1 Definitions

In this policy the words and expressions set out below have the following meanings:

Close family: Any close family members (ie, spouse/partner, parents, siblings, children).

Dealing: Includes purchases, sales, subscriptions, acceptance of takeover or other offers and all other acquisitions or disposals of securities and related investments, or any rights or interests in securities and related investments. Entering into any contract to secure a profit or avoid a loss by reference to fluctuations in securities' price; the acquisition, disposal, or exercise of any option or other right or obligation to acquire or dispose of securities or, in all cases, an irrevocable instruction to do so. Off-market dealings and transfers of securities as gifts are all examples of dealing.¹

Hospitality: Invitations to attend an event (including sporting and cultural events), meal or other similar occasion with someone who works for or represents a relevant organisation, a professional adviser of a relevant organisation or an actual or potential supplier of the FCA/PSR where you can reasonably be perceived to be representing the FCA/PSR.

Relevant organisations: Those companies, or any company within the same group of companies, either seeking to be or currently listed, or otherwise publicly traded in the UK and/or quoted and/or regulated in the UK as appropriate. This includes those subject to supervision, monitoring and/or enforcement work. Where a company is listed or otherwise publicly traded in more than one country, and one of those countries is the UK, regardless of which country the dealing takes place in, the company is still considered a relevant organisation and the provisions of this policy apply. It also includes companies regulated by PSR including those companies subject to directions, monitoring or enforcement work or any firm subject to an investigation under the Competition Act 1998. For the avoidance of doubt, hedge funds and private equity funds are relevant organisations. For the purposes of sections 2 and 4, relevant organisations will also include partnerships and unincorporated associations.

Where a company is listed or otherwise publicly traded in more than 1 country, and 1 of those countries is the UK, the company is still considered a relevant organisation. Relevant organisations also include payment-systems operators (cards and interbank), payment-service providers, infrastructure providers and businesses that rely on these systems.

Securities and related investments: Includes shares (as well as individual company shares held in single company PEPS, ISAs or other wrappers), bonds, debentures and any other financial investments, including debt instruments, futures, options, and other financial derivatives.²

Dealing permission is not required for the following investments but the relevant interests must still be declared as set out in section 2:

- i) collective investment schemes (such as unit trusts, OEICS and exchange traded funds), including any held in a general PEP, ISA or other wrapper
- ii) life insurance products, including pensions

¹ The transfer of shares as a gift to a spouse, civil partner or minor child does not constitute dealing.

² If you are in doubt about whether a financial or investment product is covered by the policy, please consult the company secretary.

Annex 2 – Legislation

Market abuse and insider dealing – an outline

The market abuse regime was introduced in December 2001, and has since been updated to take account of EU legislation, the Market Abuse Regulation (Regulation No. 596/2014), which began to apply on 3 July 2016. The main provisions of the regime are set out in the Market Abuse Regulation itself, alongside its implementing legislation. The Financial Services and Markets Act 2000 (FSMA) has been amended to accommodate the new regime, for example to give the FCA the requisite powers to supervise and enforce the Regulation. The FCA has also set out guidance in the FCA Handbook on the new market abuse regime.

Certain of the types of market abuse defined in the Market Abuse Regulation involve the misuse of information where that information is relevant and not generally available. One factor to be considered when assessing whether behaviour amounts to market abuse is whether the person concerned has acted in accordance with the standards expected of them given their position in relation to the market. FCA staff are expected to observe the highest standards in relation to their personal dealings. The market abuse regime is a civil regime and, in cases where market abuse has occurred, the FCA can impose a financial penalty, as well as taking other action such as seeking an injunction to freeze a person's assets, or making a public statement.

Below is a link to MAR 1 in the FCA Handbook, which includes some interpretative guidance on these offences:

<https://www.handbook.fca.org.uk/handbook/MAR/1/1.html>

The UK also has a criminal insider dealing regime, which is set out in the Criminal Justice Act 1993 (the CJA). This makes it a criminal offence for an individual who has information as an insider to either deal in securities on a regulated market, to encourage another person to deal on a regulated market, or to disclose inside information. Regulated markets include, for example, all major European stock exchanges such as, but not limited to, the London Stock Exchange and NYSE Euronext. When trading through a professional intermediary, the CJA extends to transactions on markets other than regulated markets. The FCA may decide, in concluding investigations into a potential misuse of information or an insider dealing case, that the behaviour is sufficiently serious to justify a criminal prosecution. An offence under the CJA is punishable by up to seven years imprisonment or a fine, or both.

Part 7 of the Financial Services Act 2012 also contains other criminal offences, such as the offences of making misleading statements and misleading impressions. These are punishable by up to seven years imprisonment or a fine.

Bribery and corruption – an outline

The Bribery Act 2010 (the Act) has consolidated previous UK legislation relating to bribery and introduces four new offences which are relevant to employees accepting and giving gifts and hospitality. These new offences are set out below:

- a) making a bribe – the promise or giving of an advantage with the intention of inducing or rewarding the improper performance of a relevant function or activity
- b) accepting a bribe – the receipt or acceptance of an advantage for the improper performance of a relevant function or activity
- c) bribery of a foreign public official where the intention is to influence an individual in their official capacity in order to win or retain business
- d) failing to prevent bribery – a strict liability corporate offence where a commercial organisation fails to prevent bribery by those performing services on its behalf.

Since the introduction of the Act, industry and public focus has centred on its application to gifts and hospitality. Sensible, reasonable hospitality, gifts or promotional expenses (and business trips) which, in their broader context, are not aimed at influencing performance and decision making, will remain outside the scope of the Act and should not attract prosecution. Only where the payment, gift or hospitality is extraordinary or lavish, or has the ability to influence or reward improper performance by the recipient, will the payment be scrutinised under the Act.

The Act makes offering or accepting bribes illegal. To comply with the Act the FCA is required to implement a policy which reflects the Act's terms. It is the responsibility of each employee to understand and comply with the policy. In addition, bribery has been added to the list of wrongdoings that qualify for protection under the Public Interest Disclosure Act 1998. This is reflected in the FCA Whistleblowing Policy and the acceptance or the offering of a bribe can be found in the list of examples of gross misconduct.