



# Code of Business Conduct and Ethics

March 2016



# Message from the Governor

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The Bank of Canada (“the Bank”) has a mandate to promote the economic and financial welfare of Canada. As the Bank is a public institution and a steward of public funds, the Bank’s standards must be beyond reproach. Canadians must have confidence in everything we do if we are to discharge our core policy responsibilities. The Bank is justifiably proud to have gained a high level of public trust and a reputation for high ethical standards. This Code is designed to ensure that we maintain these standards.

The Code encompasses the Bank’s conduct and ethics policies. It provides an introduction to the functions of the Bank and describes the governance and corporate culture we want to maintain and develop. The Code is designed to guide our actions by describing the ethical principles and conduct that will help us reach our goals in a manner that reflects well on us all, both personally and professionally.

I invite all employees and others who are associated with the Bank to be part of a team where we continue to act with integrity in the pursuit of excellence. The Code addresses key issues such as conflicts of interest and confidentiality. While our own values and our own sense of right and wrong will guide our conduct in most situations, the Code will help us in recognizing and dealing with situations where the issues are less clear. When in doubt about the correct course of action, Bank employees should not hesitate to consult with the appropriate persons, following the advice in the Code about where to go if they have questions, comments or concerns.

At least annually, every employee will be asked to sign a form acknowledging that he or she has read this Code, agrees that he or she is in compliance with it, and understands the requirements for ongoing compliance. Given their work and access to sensitive information, certain employees will be subject to stricter rules regarding personal financial transactions and will be required to sign an enhanced acknowledgment form. This annual review will serve as a reminder of the values and principles that should govern us as we go about our day-to-day activities.

The Code is a living document that will be revised from time to time to reflect best governance practices, experience and circumstances. Employees of the Bank are encouraged to submit suggestions for improving the provisions of this Code. Comments and suggestions should be addressed to the Compliance Office.

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# Part I: Introduction

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## 1. Who We Are

### 1.1 Background

The Bank of Canada, Canada's central bank, is a public institution with important public policy functions. Directly or indirectly, the Bank's decisions affect the business and livelihoods of many people. In one way or another, we are ultimately accountable to Parliament and to the public for all that we do.

The *Bank of Canada Act* describes the Bank's legislative framework and sets out the governance of the Bank, as well as its mandate "to promote the economic and financial welfare of Canada." The Bank strives to meet its mandate through its work in the four core areas of responsibility: monetary policy, the financial system, currency and funds management.

The Bank conducts monetary policy in a way that fosters confidence in the value of money by keeping inflation low, stable and predictable. The Bank works with other government agencies and market participants to promote the safety and efficiency of the financial system. As the country's sole supplier of bank notes, the Bank is responsible for keeping Canada's currency secure against counterfeiting. The Bank acts as agent for the Government of Canada in the management of government funds and the public debt. It also provides banking services to commercial banks, other financial institutions and foreign central banks.

### 1.2 The Bank's Values

The Bank's Compass reflects our core values: excellence, integrity and respect. They guide our conduct in all of our relationships.

#### *Excellence*

We strive for excellence through leading-edge research and analysis, through collaboration within the Bank and with outside organizations, and through innovation in all aspects of our work.

#### *Integrity*

We communicate our objectives openly and effectively and stand accountable to Canadians for our words and actions. We hold ourselves to the highest standards.

#### *Respect*

We respect one another and succeed by recognizing the value of diversity of people and ideas, and our lives outside of work.

## 2. What Is the Code of Business Conduct and Ethics?

The Bank of Canada requires that all employees observe the highest standards of professional ethics. The purpose of the Code of Business Conduct and Ethics (the "Code") is to provide guidance to supervisors and employees regarding the Bank's expectations in this matter and to enhance public confidence in the integrity of the Bank

through publishing our commitment to maintain these high standards. The Code describes the Bank's values, policies and expectations.

The Code does not provide answers for every situation you may encounter. You are trusted to use good judgment in your day-to-day activities and to seek further information or assistance when you need it.

Key terms used in the Code are identified by the use of *green italicized* letters and are defined in **Part VIII: Definitions**.

### 3. Application of the Code

The Code applies to all employees, contractors, consultants and agents of the Bank, as well as individuals seconded to the Bank.

Some employees have access to a range of information that is not within the public domain. As noted throughout the Code, these employees, who will be identified by the Bank, are subject to special rules with respect to personal trading and disclosure of financial interests. Please see **Part V: Conduct of Personal Financial Transactions**, for further information.

Contractors, consultants and agents of the Bank, and those seconded to the Bank, are required to abide by the provisions of the Code that are reasonably applicable to them and to comply with the spirit of the Code at all times.

Directors of the Bank are subject to a separate code, which is consistent with this Code.

### 4. Compliance with the Code and Applicable Legislation

The Code sets out ethical principles and addresses the key issues that you are likely to meet in the course of your duties. Since the Code is an overview of business conduct and will not provide the rules and regulations for all situations that you may encounter, it is helpful to follow a few basic guidelines:

- Always act honestly and impartially when carrying out your duties.
- Never make private use of, nor disclose without authorization, any confidential information that you obtain through your work for the Bank.
- Avoid outside activity that could reasonably be perceived as a conflict of interest.
- Always treat others in a courteous and professional manner.

When faced with a situation where the proper conduct is not self-evident, the Code may help you decide what to do. If you are still in doubt, get advice and ask yourself these questions:

- Is it legal?
- Does it feel right?
- Will it reflect negatively or positively on me or the Bank?
- What would a reasonable person think about my action?
- Would I be embarrassed if others knew I had taken this action?
- Is there an alternative action that does not involve an ethical conflict?

In addition to compliance with this Code, you are required to follow all Bank policies, procedures, processes and business practices. You are also subject to the relevant

provisions of legislation of general application, such as the *Criminal Code*, the *Canada Labour Code*, the *Canadian Human Rights Act*, the *Privacy Act* and the *Public Servants Disclosure Protection Act*.

## 5. Where to Go for Help

The Bank cares about the views of its employees and recognizes that they are often in the best position to assist in ensuring compliance with this Code. We encourage you to seek assistance if you have questions and to report breaches or suspected breaches of the Code. Please see **Part VII: Administration of the Code**, for the procedures on reporting a breach.

## 6. Relief Procedures

The Bank recognizes that the Code should not be applied mechanically, since there may be instances where the principles are respected but an exception is appropriate. For example, this could be the case if the application of a particular provision or provisions of the Code would result in undue or severe hardship for an employee. If you wish to seek relief from any provision of the Code, you must apply to the General Counsel and Corporate Secretary, in writing, explaining the situation and the relief sought.

For all employees except members of Governing Council, applications for relief will generally be referred to the Governor for decision. Applications by Deputy Governors will also be referred to the Governor, and any relief granted will be reported to the Board of Directors. Any applications from the Senior Deputy Governor or the Governor will generally be referred to the Board for decision.

## 7. Acknowledgment, Disclosure Statement and Code Certification

On joining the Bank, annually thereafter, and in the case of a significant change in your duties or personal circumstances, you will be required to complete a Code Certification process certifying your compliance with the Code. In some circumstances, you will also be required to provide a paper copy of your Certification.

## 8. Breach of the Code

Conduct that is illegal, dishonest or unethical constitutes a breach of this Code, whether or not the conduct is specifically addressed in the Code. Compliance with the Code is a key requirement of your employment with the Bank. If your conduct does not meet the standards set out in the Code or is otherwise illegal, dishonest or unethical, you may be subject to corrective or disciplinary measures up to and including termination of employment.

Contractors, consultants, agents and those seconded to the Bank are reminded that the Code forms part of their agreements with the Bank and that a breach may result in the termination of contracts, disqualification from applying for future contracts or the termination of the secondment (as applicable).

The Bank reserves the right and may be obligated to report breaches of the Code to regulators or to law-enforcement authorities.

## Part II: Work Environment

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The Bank is committed to providing every employee with a bilingual and diverse work environment that is free of discrimination, harassment and violence and that is conducive to professional growth and the enhancement of dignity and self-esteem.

### 1. A Fair Place to Work

The Bank provides employees with a workplace that offers equal employment opportunities without regard to any distinctions based on a person's race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, disability, or pardoned conviction.

### 2. Prevention of Harassment and Violence

Supervisors are responsible for creating and maintaining a workplace that is free of discrimination, harassment and violence, and for promoting a positive work environment by dealing with any case of discrimination, harassment or violence that comes to their attention, treating any such case as a serious matter and responding to it promptly.

*As a Bank employee:*

- Treat others the way you would like to be treated, with respect, courtesy, fairness and sensitivity.
- Don't initiate or participate in discrimination, violence or harassment.
- Exercise authority with care and in a respectful manner.
- Don't be afraid to speak up and be assertive if you feel that you or others are being harassed.
- Don't be afraid to speak up and be assertive if you feel that you or others are being discriminated against.
- Don't be afraid to speak up and be assertive if you feel that you or others are being subjected to violence.

For more information, refer to the [Harassment in the Workplace Policy](#), the [Prevention of Workplace Violence Policy](#) and the [Diversity Statement](#), which are all available on the Bank of Canada intranet.



## Part III: Confidentiality

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When you started your employment with the Bank, you swore an Oath of Office, or made a Solemn Affirmation, in the form shown in **Appendix I**. In addition to this Oath/Solemn Affirmation, employees have certain obligations under the law to keep Bank information and third-party information learned through their relationship with the Bank confidential. These confidentiality obligations apply in all circumstances relating to your employment with the Bank.

You must not communicate information relating to the business and affairs of the Bank (or of any third party) that you learn in the course of your work with the Bank to any person not entitled to the information. You must not use the information obtained during the course of your work at the Bank for purposes of personal gain for yourself, your family or others connected to you. You should never disclose confidential information to anyone, other than what is required of you in connection with your duties at the Bank.

The requirement to preserve the confidentiality of Bank and other non-public information continues indefinitely after your employment with the Bank ends.

### *As a Bank employee:*

- Keep electronic and paper documents and files containing confidential information in a safe place.
- Do not discuss confidential matters where they could be overheard; for example, in public places such as elevators, hallways, airplanes, restaurants, buses and taxis.
- Exercise caution when discussing confidential matters on wireless telephones or other wireless devices.
- Transmit confidential documents by electronic devices, such as fax or email, only when it is reasonable to believe this can be done under secure conditions.
- Avoid unnecessary copying of confidential documents.

You should refrain from any public discussion, in the media or otherwise, of the Bank's business, affairs, policies or organization. Only a designated spokesperson can issue statements or make comments about the Bank's position on a given subject. If you are asked to comment publicly on any issue relating to the Bank's affairs, you should decline to comment and refer the inquiry to the Bank's Communications Department.

For more information, refer to the policy on the **Use of Bank Information and Communication Technologies** and the **Operational Standard: Information Security**, which are available on the Bank of Canada intranet.

## Part IV: Conflicts of Interest

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### 1. What Is a Conflict of Interest?

A conflict of interest occurs when your work for the Bank could be improperly influenced by an outside or personal activity, interest or relationship. You must never use or attempt to use your position at the Bank to obtain any improper benefit for yourself, your family or others connected to you, and you must always seek to avoid not only real, but also potential and perceived, conflicts.

Public perception is important in building and maintaining a reputation for honesty and integrity. Even the perception or appearance of a conflict can be harmful to you and the Bank. When in doubt, ask yourself whether the situation would be able to withstand the test of public scrutiny or could potentially embarrass the Bank or yourself.

If you have an interest that could in any way influence your decisions or performance in carrying out your duties and responsibilities in an objective and effective manner, you have a conflict of interest. If you are aware of a transaction or relationship that could reasonably be expected to give rise to a real, potential or perceived conflict, you must immediately advise your supervisor, the Compliance Office, or the General Counsel and Corporate Secretary.

Conflicts of interest are not always clear-cut. Any questions regarding a particular situation and whether it amounts to a conflict of interest, or the appearance of one, should be directed to your supervisor, the Compliance Office, or the General Counsel and Corporate Secretary. Keep in mind that any conflict between your private interests and those of the Bank should be resolved in favour of the Bank.

#### *As a Bank employee:*

- disclose any significant private or financial interests you may have in organizations under contract to the Bank;
- report any interests you, your family or *Associates* have in any party seeking to establish a relationship with the Bank;
- accept only gifts or benefits from third parties that are permitted under Section 4 of this Part; and
- ensure that you understand and are in compliance with the provisions of **Part V: Conduct of Personal Financial Transactions** of this Code.

#### *As a Bank employee do not:*

- participate in any discussions or decisions regarding a matter in which you, your family or Associates have an interest;
- publicly endorse products or suppliers;
- take part in activities or businesses outside of work that may compete with the Bank or that may damage the Bank's reputation; or

- use your position at the Bank to advance your interests or those of your family or others connected to you.

## 2. Procurement

The Bank is committed to ensuring that all procurement activities comply with the law and are conducted in an open, fair and ethical manner. In order to maintain public confidence, you must not deal with suppliers, or other third parties, in any way that could cast doubt on the Bank's commitment to these objectives.

In particular, you must not in any way be associated with an agreement between the Bank and suppliers in which you, your family or Associates have an interest or which might result in personal gain for yourself, your family or Associates. Any private interests in a potential contract with a third party should be immediately disclosed in accordance with Section 1 of this Part. You are also required to withdraw from any discussions regarding the granting of the contract to the supplier.

You, your *Close Family Members* and Associates are prohibited from accepting any gifts, hospitality or other benefits of any kind from a third party having dealings with the Bank, except as otherwise permitted in the following section.

## 3. Solicitation in the Workplace

The Bank has approved voluntary fundraising activities in the workplace for the benefit of United Way and HealthPartners.

Selective individual solicitation or sale of items to co-workers for the benefit of other charitable or non-profit organizations is permitted provided that employees:

- do not pressure their co-workers to participate or donate;
- do not use corporate resources and systems such as email; and
- do not interrupt other co-workers during their work time.

Solicitation for political purposes and any fundraising where employees pay for a chance to win a prize such as lotteries, raffles and 50/50 draws are prohibited.

You must not in any way solicit gifts, hospitality or other donations from service providers, restricted entities or other third parties.

## 4. Hospitality, Gifts and Other Benefits

The Bank is sensitive to the public's perception of how it deals with gifts, hospitality and other benefits. You must never ask for gifts, hospitality or other benefits in connection with your relationship with the Bank. Gifts, hospitality or other benefits extended to family members, or others connected to you, may also create situations of real or perceived conflict.

As described in further detail below, you may occasionally accept gifts, hospitality or other benefits arising out of activities associated with your official Bank duties, and offered by *Restricted Entities* or other third parties having or potentially having commercial or business dealings with the Bank, if the gifts, hospitality or other benefits:

- are within the bounds of propriety and normal standards of courtesy and hospitality;
- do not influence your judgment or the performance of your duties at the Bank;

- do not compromise, or appear to compromise, the objectivity, impartiality or integrity of you or the Bank;
- do not seem excessive, in doubtful taste or likely to have a negative impact on you or the Bank's reputation; and
- comply with the requirements of the Code.

When in doubt, discuss your concerns with your supervisor or with the Compliance Office.

#### 4.1 Gifts

Subject to the prohibitions described in Subsections 4.3 and 4.4 of this Section, you may accept:

- unsolicited gifts (other than tickets to an entertainment venue) with a value of \$100 or less, provided that the cumulative value of gifts from the same source does not exceed \$200 within a 12-month period. Gifts valued between \$100 and \$200 may be accepted only with the written approval of your supervisor, while gifts with a value greater than \$200 may be accepted only with the written approval of the Compliance Office;
- conference, seminar, workshop and course giveaways of nominal value that are offered to promote registration provided that the cumulative value of giveaways for the same course or conference does not exceed \$100; and
- prizes won at an event if the prize is the result of a draw or skill competition and its value does not exceed \$ 100.

In situations where declining a prohibited gift might reasonably offend the gift giver, you may accept the gift, but then must immediately turn it over to the Compliance Office for appropriate disposition. The Bank may determine that the gift will be donated to charity, retained for Bank purposes or otherwise disposed of by the Bank.

#### 4.2 Hospitality

In general, you should not accept an invitation to an event that is sponsored by a supplier if your attendance at such an event would compromise or appear to compromise your objectivity or integrity, or that of the Bank.

However, the Bank recognizes that an occasional working meal (paid for by a third party), or meals provided at a widely attended function that you are attending on behalf of the Bank, may serve a legitimate business purpose and foster appropriate business relationships.

You may also accept an invitation to attend an event sponsored by a supplier of the Bank or other entity related in some way to the Bank, provided that the invitation has gone out to a broad range of invitees.

#### 4.3 Sporting or Entertainment Events

You are generally not permitted to accept hospitality in the form of a ticket to, or an invitation to attend, any entertainment venue, such as hockey, golf, theatre or a concert from a Restricted Entity or any supplier or potential supplier of goods or services to the Bank. With the written approval of the Compliance Office, an exception to this principle is permitted:

- where attendance at an event is demonstrated to be for the purpose of broadening business contacts or facilitating the discussion of matters of importance to the Bank;
- the proposed hospitality is clearly within the bounds of propriety and not liable to cast doubt on your objectivity; and
- the hospitality is extended to a broad range of invitees and the general provisions of this section are respected.

#### 4.4 Prohibited Benefits

You must never accept offers of cash, cash equivalents, or goods or services; reduced prices; work performed gratuitously; preferred treatment of any kind in a business enterprise; or loans of money, material or equipment on a preferential basis. Any prohibited benefits accepted by a family member are deemed to be benefits received by you.

#### 4.5 Requests for Proposals

If the Bank has issued a formal request for proposal (RFP), or has engaged in a similar selection process, you must not accept any gifts, hospitality or other benefits from any party, any subsidiary, parent or affiliate of that party involved in, or likely to be involved in, responding to the RFP until the RFP process has been completed and a contract signed.

#### 4.6 Regulatory or Supervisory Relationship

Where the Bank has a regulatory or supervisory relationship with an institution, if you are authorized to make any determinations regarding the status of that institution, you must not accept gifts or benefits except items with little intrinsic value. You should also make reasonable attempts to pay for all hospitality received from this outside party.

#### 4.7 Other Organizations

The Bank recognizes that you may be offered gifts or hospitality from persons, associations, governments, central banks or institutions that have no commercial or business dealings with the Bank. In such cases, the potential for a real, potential or perceived conflict of interest is much reduced. You may accept gifts or hospitality from such entities provided that the gift or hospitality offered does not exceed \$200 in value and otherwise complies with the spirit and provisions of the Code.

You should advise the Compliance Office in writing with respect to gifts or benefits with a value in excess of \$200.

## 5. Travel, Speaking Engagements, Attendance at Conferences

### 5.1 Travel

When you are travelling on official Bank business, you must exercise care to avoid real or perceived impropriety.

For more information, refer to the [Travel and Hospitality Policy](#), which is available on the Bank of Canada intranet.

## 5.2 Speaking Engagements

If you are invited to speak at a conference or other event in your capacity as a Bank employee, you:

- must obtain prior departmental approval before accepting an invitation to speak at a conference;
- must ensure that the information you present is not confidential or likely to give participants at the conference an unfair advantage in dealing with the Bank or any government entity; and
- are encouraged to consult Speeches and Content staff in Communications and should follow the **Speaking Invitation Checklist** available on the Bank of Canada intranet.

As a speaker, you may accept the hospitality extended to all participants. You may also accept token expressions of gratitude that fall within the provisions of the Code related to acceptable gifts. Any additional payment that you receive for speaking and that you are unable to decline must be immediately turned over to the Bank.

## 5.3 Attendance at Conferences

If you are invited to attend a conference as an employee of the Bank, you must obtain prior departmental approval before accepting the invitation. Generally, your attendance-related expenses should be paid by the Bank, but exceptions may be made if those expenses are to be paid by a host organization such as another central bank or an international organization.

## 6. External Activities

Your primary professional responsibility is to the Bank. Before engaging in external activities as a volunteer, Board member or otherwise, you must consult your supervisor. In many cases, the nature of your duties within the Bank will have an important bearing on the acceptability of any external activity.

You are expected to devote your regular working hours to Bank duties and are not permitted to use this time or Bank resources to conduct external activities.

You should be guided by the following principles when engaging in external activities:

- The activity does not create a real, potential or perceived conflict of interest with your responsibilities as a Bank employee.
- The activity does not have a negative effect on the Bank's reputation.
- The activity is not incompatible with the Bank's policies.
- The activity does not interfere with your ability to perform your regular work for the Bank.

You must not use your Bank affiliation to lend credibility to your external activities.

## 6.1 Outside Employment

You may not engage in outside employment that interferes or gives rise to a conflict of interest with your duties at the Bank. You must obtain the approval of your supervisor before commencing any outside employment.

## 6.2 Board Appointments

You may not serve on the Board of Directors of any Restricted Entity or *Financial Institution*.

Subject to the requirements set out in this Section, you may serve on the board of other entities, including community or non-profit organizations.

## 6.3 Community or Non-Profit Organizations

You may participate in community or non-profit organizations, or fundraising activities and events, provided you make it clear that you are participating in your personal capacity and not as a Bank representative.

## 6.4 Political Activities

The Bank strives to find an appropriate balance between: (i) your freedom of expression and your right to engage in political activities; and (ii) the Bank's interest in maintaining an impartial and effective workforce. You are not prohibited from participating in political activities, so long as your actions are not likely to be interpreted by the public as being representative of Bank policy.

Any work for a political candidate must be done outside your working hours and the workplace, without the use of any Bank resources. If you would like to run for public office at the municipal, provincial or federal level, you must first obtain a leave of absence from the Bank, which would begin no later than the day on which the election writ is issued.

## 7. Offers of Employment and Leaving the Bank

If you are contemplating, or have accepted, an offer of employment with another organization, you need to be sensitive to the possibility of real, potential or perceived conflicts of interest arising. While you are still employed by the Bank, you must not allow yourself to be influenced in carrying out your duties by plans for, or offers of, employment with another organization. Once in the employ of a new organization, you must not use or disclose Bank confidential information for any reason. Please see **Part III: Confidentiality**. This restriction applies indefinitely after you leave the employment of the Bank.

To assist you in dealing with offers of employment, acceptance of offers and the transition to another employer, the Bank has developed transition and post-employment arrangements designed to protect both you and the Bank from any suspicions of impropriety, such as the potential use or misuse of special knowledge and inside information. Not every situation is the same, and the arrangements required will vary from situation to situation. The arrangements that are appropriate for you in order to allow for a conflict-free transition will depend on the position you hold at the Bank, as well as your future plans.

## 7.1 Offers of Employment

You must disclose to your supervisor any offer of employment that could represent a real, potential or perceived conflict of interest, as well as the acceptance of any such offer.

You are required to make full disclosure and to co-operate in any Bank decision to remove you from situations that could be perceived as creating a conflict, such as a situation that could accord preferential treatment to your future employer. Your supervisor will discuss with you the nature of the situation and will raise any issues with higher-level management or the General Counsel and Corporate Secretary, if necessary.

You will be advised in writing of any required transition or post-employment arrangements, reminded of your continuing obligations with respect to secrecy and confidentiality regarding Bank information, and asked to acknowledge your agreement to these conditions in writing.

## 7.2 Transition Arrangements

In addressing concerns that future employment plans may create operational difficulties or a conflict while you are still employed by the Bank, any or all of the following transition arrangements may be considered or imposed:

- You may be assigned to other duties within the Bank, with full pay and benefits, until your departure.
- You may be asked to delay the start of your new employment for a specified period of time considered sufficient to avoid a conflict situation. In the majority of cases, this period would not exceed three months; however, the Bank reserves the right to impose a longer time period should the circumstances require it. Full pay and benefits will be maintained for the duration of this period.

If you are representing the Bank in significant dealings with an outside party, you may be required to sign an agreement restricting your acceptance of employment with that outside party during, and for a period of time after, those dealings.

## 7.3 Post-Employment Arrangements

In addressing concerns about conflicts arising after you have left the Bank, any or all of the following post-employment arrangements may be considered or imposed.

For one year after you leave the Bank:

- The Bank will not accept representations from you on behalf of any person with whom you had significant dealings in your final year of employment with the Bank.
- You must not counsel any person concerning the policies and processes of the Bank, except in circumstances agreed to by the Bank.

The Bank will write to your new employer advising the employer of: (i) your obligations of secrecy and confidentiality regarding Bank information; and (ii) any other exit requirements.

Any post-employment arrangement with you will be established in accordance with the **Post-Retirement Employment and Contracting Guidelines**.



## 8. Insider Trading and Tipping

It is against the law for you to buy or sell *Securities* based on material information that has not been generally disclosed (“insider trading”).

It is also against the law for you to pass on, intentionally or not, any material information that has not been generally disclosed to another person who may then buy or sell *Securities* based on this information (“tipping”).

Canada imposes severe penalties, such as fines or imprisonment, on those who break these laws. The prohibitions with respect to insider trading and tipping remain in effect until the undisclosed information has been fully disclosed to the public.

As a Bank employee, you may have access to, or hear of, material information in relation to a public company before it is announced to the public. You must not *Trade* in the *Securities* of issuers about which you have inside information or pass on this information to others. You may also be subject to the blackout provisions as set out in **Section 2 of Part V: Conduct of Personal Financial Transactions**.

Information is regarded as material if it could affect the price of a *Security* if it were generally known, or if an investor might consider such information important in making an investment decision to buy, hold or sell a *Security*. Many factors affect the market price of a *Security*. The following are a few examples of factors that could be material when making investment decisions about a company:

- changes in previously disclosed financial information;
- information about proposed mergers, acquisitions or divestitures;
- information about liquidity problems or extraordinary borrowings;
- information about obtaining, or the termination of, a significant contract with the Bank;
- changes in the capital structure;
- changes in management;
- changes in monetary or exchange rate policy;
- impending regulatory changes or action;
- tax changes;
- information about future government actions.

Insider trading and tipping laws are complicated. If you have any questions about insider trading or tipping or have any questions regarding the materiality of information, contact the General Counsel and Corporate Secretary.

## 9. Questions and Answers

It is impossible to cover in advance every situation that may arise with respect to conflicts of interest. You are encouraged to read the questions and answers designed to help in the interpretation of this Code. They can be found on the Bank of Canada intranet and will be updated from time to time in response to frequently asked questions or any issues that may arise. If you are ever in doubt about the correct course of action, please consult with your supervisor or the Compliance Office.

# Part V: Conduct of Personal Financial Transactions

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## 1. Introduction

We expect all employees to manage their own personal financial affairs prudently and to arrange them in such a manner as to prevent real, potential or perceived conflicts of interest from arising. You are required to comply with the **trading** restrictions and other related requirements outlined in this Part. They have been established to guide you in the management of your affairs and to protect you and the Bank from the risk of both the reality and the perception of insider trading and from the potential for liability.

For the purposes of this Part, employees fall within one of three levels. The level that applies to you will depend on your position, your access to confidential market information, your access to confidential information received from the Office of the Superintendent of Financial Institutions (OSFI), and your access to executive deliberations regarding Bank policy. There are, additionally, enhanced disclosure requirements for some senior employees. You are required to review, understand and comply with all of the requirements that are applicable to all employees generally, as well as those that are applicable to you specifically in accordance with your level. For more information on the levels, please see **subsection 3.5** of this **Part**.

Always keep in mind that you must not discuss confidential information obtained during the course of your work at the Bank with others, including your *Spouse* or any other family member. Even seemingly casual conversations or inadvertent breaches of confidentiality could result in embarrassing situations for you, the Bank or others. If you are unsure about whether certain information is confidential, always err on the side of caution and assume that it is.

Employees are not permitted to make use of any insider information learned as a result of their employment with the Bank or otherwise when transacting in Securities.

## 2. Trading Blackout Periods

Incumbents of Level 2 and Level 3 positions may not Trade in any Security during the seven-calendar-day period prior to, the actual day of, and for a 24-hour period after a fixed announcement date (FAD). Blackout periods are posted on the Bank of Canada intranet.

The trading prohibition does not apply to automatic contributions or other forms of pre-authorized trades, stop-loss or limit orders, and reinvestment arrangements, as long as they are in place before the blackout period commences.

The Bank may also impose a blackout period in the event that it makes monetary policy changes outside the usual FAD cycle. Affected employees will be advised.

When the Bank is engaged in a sensitive or confidential activity that could affect the price of a Security, the Bank may prohibit certain employees from Trading in that

Security until further notice. You will be advised if you are an employee subject to such a blackout period, and further advised when the blackout is lifted.

### 3. Provisions That Apply to All Levels

For all levels, there are Securities or other instruments that you cannot Trade (“Restricted Instruments”). Restricted Instruments for each level are listed in **Appendix II** (the “Restricted Instruments” list). You are permitted to Trade in other Securities that are not listed on the Restricted Instruments list (“Permitted Instruments”), provided that those Securities are not subject to a trading blackout period and the Trading in those Securities is in compliance with this Code. See **Appendix II** for a list of examples of Permitted Instruments.

All employees may invest in mutual funds or any other pooled units that are widely and diversely held, and are not disproportionately weighted in the holdings of Financial Institutions. Any questions with respect to mutual funds should be directed to the Compliance Office.

At any time, the Governor may, on a case-by-case basis, or by the establishment of general criteria, classify (and declassify) Securities or other instruments as Restricted Instruments if, in the Governor’s opinion, these instruments create a real, potential or perceived conflict of interest. Employees in the affected level or levels will be advised of any changes in classification.

Any changes made by the Governor pursuant to this Section will be reported to the Board.

#### 3.1 Scope of Restrictions

The restrictions for each level apply to investment accounts that you influence, direct or control and will normally apply to accounts where:

- you are involved in making investment decisions;
- you have a significant influence on the investment decisions; or
- you are involved in voting decisions or have voting control.

The restrictions for each level apply not only to investments that you hold in your own name but also to other accounts that you direct or control, which may include

- accounts held by a Close Family Member or Associate;
- accounts held in trust for you, a Close Family Member or Associate; and
- accounts held by a corporation, partnership, investment club or other entity.

#### 3.2 Arrangements for Restricted Instruments and Other Assets

If you own Restricted Instruments when you join the Bank, or as a result of changing circumstances while employed by the Bank, you must enter into an arrangement satisfactory to the Bank with respect to the Restricted Instruments.

At any time when there is a concern that your assets may result in a real, potential or perceived conflict of interest, the General Counsel and Corporate Secretary may require you to enter into an arrangement satisfactory to the Bank with respect to those assets.

Arrangements satisfactory to the Bank may include any or all of:

- refraining from any Trades to acquire additional Restricted Instruments or other assets;
- obtaining prior approval from the Compliance Office before disposing of existing holdings;
- divesting yourself of the Restricted Instruments or other assets in an arm's-length transaction;
- divesting yourself of the control over Restricted Instruments or other assets by placing them in a *Blind Trust* or making them subject to a blind management agreement on terms satisfactory to the General Counsel and Corporate Secretary;
- avoiding circumstances or decisions that could lead to a conflict until you have divested yourself of the Restricted Instruments or other assets;
- recusing yourself from participating in matters in which you have a financial, personal or material interest; or
- any other reasonable terms that the Bank may impose.

### 3.3 Close Family Members and Associates

The Bank respects the desire of its employees that their private affairs remain private and does not wish to be overly intrusive in this regard. However, in some circumstances, the Bank will ask for information about your Close Family Members or Associates to ensure that any real, potential or perceived conflicts are either prevented or resolved in a satisfactory manner. The purpose of this request is to protect employees from the serious consequences that may result from any inappropriate actions of their Close Family Members or Associates.

### 3.4 Advice

If you are not sure of the status of a Security or other instrument, you should seek advice from the Compliance Office and not proceed with any course of action until you have obtained appropriate instructions.

### 3.5 Levels

#### *Level 1*

Most positions below the level of Senior Officer are considered to be Level 1 unless the position has been designated otherwise. Employees will be informed in writing if they have been assigned to a higher level by the Bank.

Incumbents of Level 1 positions have limited access to certain confidential information; therefore, the list of Restricted Instruments for this level is minimal.

For more information, refer to **Appendix II**.

#### *Level 2*

Senior Officers and those who generally have regular access to confidential market information or participate in financial system or monetary policy deliberations, or have direct responsibilities with entities with which the Bank has a regulatory or supervisory relationship are designated Level 2.

For more information, refer to **Appendix II**.

### *Level 3*

Incumbents of Level 3 positions are members of Governing Council and others who have regular access to confidential financial and market information from OSFI through activities such as membership on, or attendance at meetings of, the Financial Institutions Supervisory Committee (FISC), the Senior Advisory Committee (SAC) and any subcommittees of FISC and SAC.

For more information, refer to **Appendix II**.

## 4. Additional Requirements for Members of Governing Council

It is in the public interest, the interest of the Bank and the interests of all individuals concerned that the Bank, members of Governing Council and their Spouses be perceived as beyond reproach. Accordingly, Close Family Members of the members of Governing Council are subject to the Level 3 Trading restrictions. Furthermore, members of Governing Council will be required to report annually with respect to their own investments and trading activities and those of their Close Family Members. The purpose of these enhanced requirements is to protect the integrity of the Bank as an institution and the integrity of the individuals personally.

## Part VI: Handling Information

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### 1. Access to Information and Privacy

The *Access to Information Act* and the *Privacy Act* govern how the Bank collects, uses, stores, discloses and disposes of information under its control.

The *Access to Information Act* gives Canadian citizens access to information in federal government records. Hence, you must not destroy, alter, falsify or conceal a record with the intention of denying a right of access under the Act.

The Bank protects the privacy of its employees, clients and business partners who share information with the institution. The Bank recognizes and accepts its responsibility to safeguard the privacy, confidentiality and security of all personal information, in compliance with the *Privacy Act*. You have a right to access information about yourself.

As an employee, you are not permitted to share an individual's personal information, except for the purpose for which the information was originally collected. You may share that information only with those parties who are authorized to receive it.

For more information, contact the Access to Information and Privacy (ATIP) Coordinator or refer to the [Privacy Policy](#) available on the Bank of Canada intranet.

### 2. Information Management

The Bank manages information to foster effective decision-making and accountability, support operational efficiency and effectiveness, and facilitate learning and collaboration. Information must be managed in a disciplined and coordinated manner across the Bank.

All messages and information sent, received or stored on the Bank's computer systems are considered Bank information and, as such, are subject to review, monitoring and recording at any time without notice or permission, to the extent permitted by law.

For more information, refer to the [Bank of Canada Information Policy](#) and the [Corporate Records Management Policy](#), which are available on the Bank of Canada intranet.

### 3. Intellectual Property

Any inventions, technologies, articles, papers and the like that you create or contribute to during your employment at the Bank (the "Work" or "Works") are the exclusive property of the Bank, including all copyright and other intellectual property rights in or to the Works.

The Bank encourages employees to publish articles and papers in technical or academic publications, with the Bank's prior written consent. If you wish to publish an article or paper, you may request permission at any time in accordance with prevailing policies. The Bank will not unreasonably withhold consent and may (at the Bank's reasonable discretion) permit you to be credited as an author or co-author of the Work.

If you are considering writing or publishing a book, article or paper that is not commissioned by the Bank but which could in any way be connected with your work or employment at the Bank, you should seek guidance from your supervisor before entering into any commitment. The same considerations apply to the publication of material on the Internet.

If you have any questions related to intellectual property, contact the Compliance Office.

#### 4. Use of Electronic and Social Networks

As an employee, you must use electronic networks in a responsible and informed way, demonstrating good judgment and professional ethics. In addition, you should be aware that copyright and other intellectual property rights apply to material on the Internet unless they are expressly waived by the holder of the rights.

While the Bank accepts that employees may, from time to time, use its information and communication technologies for personal use, the Bank reserves the right to monitor the use of its information and communication technologies to ensure operational effectiveness and to prevent or investigate a suspected breach of the law or Bank policies. The Bank has the right to examine network traffic and to access all files, including email.

The Bank expects you to conduct yourself in the following manner when using the Bank's information and communication technologies:

- Exercise care in sending email.
- Use email and the Internet primarily for Bank business.
- Ensure that all Internet use complies with copyright laws.
- Act in a transparent manner when altering online sources of information.
- Ensure that sites visited are not embarrassing to you or the Bank and do not bring the Bank into disrepute.
- Do not use the Internet in any way to attack or abuse colleagues or post derogatory or offensive comments.
- Do not engage in any online activities in chat rooms, bulletin boards, blogs or other social networking sites regarding Bank business without first obtaining approval from your supervisor for these activities.
- Keep in mind concerns about impartiality, confidentiality, security, conflict of interest and economic sensitivity.

For more information, refer to the policy on **Use of Bank Information and Communication Technologies**, the **Personal Use of Social Networking Websites—Guidelines** and the **Official Bank Use of Social Networking and Other Third-Party Websites—Guidelines**, which are all available on the Bank of Canada intranet.

## Part VII: Administration of the Code

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The Bank of Canada is committed to the highest possible standards of accountability and openness in all of its affairs and is dedicated to maintaining a culture of honesty, accuracy, fairness, transparency, responsibility and opposition to wilful misconduct or concealment. The Bank takes very seriously any information or complaint regarding violation of its policies and procedures or non-compliance with its business practices. The Bank has implemented a structure of governance to ensure that the principles of the Code are promoted throughout the organization and that the Code is managed effectively.

### 1. Supervisors

As a Bank employee, you must comply with the Code. However, your obligations as a supervisor go further. You are also expected to:

- understand the Code and its principles and actively promote the Code in the workplace;
- lead by providing a model of high standards of ethical conduct, creating a work environment that reflects the spirit of the Code;
- assist employees in resolving questions or issues about the Code;
- work with the Compliance Office;
- be vigilant in preventing, detecting and responding to any violations of the Code; and
- protect those who report violations.

### 2. Compliance Office

The Compliance Office oversees corporate efforts to promote an ethical work environment and business practices. The Compliance Office reports to the General Counsel and Corporate Secretary on Code-related matters. The role of the Compliance Office is to receive, review and protect confidential reports filed under the Code, resolve conflict-of-interest issues, and provide information, training and advice to Bank employees on matters relating to conflict of interest and, generally, on matters of values and ethics. The Compliance Office may from time to time assess Code adherence, including initiating selective audits of employees' records of personal financial transactions.



### 3. Reporting Breaches

If you have knowledge of a potential or suspected breach of this Code or of other Bank policies, you have an obligation to promptly report relevant information to one of the persons listed below. The Bank provides a variety of methods for obtaining answers to all questions about ethics issues and for raising any concerns about a possible breach of the Code. Your questions or concerns can be addressed to:

- your supervisor
- a Wellness and Employee Relations representative
- a Compliance Office representative or
- the General Counsel and Corporate Secretary.

Generally, your supervisor will be in the best position to resolve the issue quickly. However, you are welcome to raise any specific or general question or concern with any one of the other contacts listed above, in addition to, or instead of, your supervisor. You can raise concerns orally or in writing. Reports will be treated confidentially to the extent possible and consistent with the Bank's responsibility to address the issue. No employee will be subject to retaliation by the Bank or any of its employees for reporting in good faith a violation of this Code.

If for some reason you feel uncomfortable reporting a breach or an improper activity to the individuals mentioned above, you can send a confidential email to [compliance-conformite@bank-banque-canada.ca](mailto:compliance-conformite@bank-banque-canada.ca).

In cases of suspected fraud or misappropriation of Bank assets, you may communicate your concern directly to the Chief Internal Auditor or the Chair of the Audit and Finance Committee of the Board of Directors of the Bank.

The **Disclosure of Wrongdoing Policy** also provides you with methods for disclosing serious concerns about wrongdoing in the workplace. See the procedures in the policy for details of disclosure within the Bank or, alternatively, to the Public Sector Integrity Commissioner.

The Bank will investigate alleged improper activities in a manner consistent with the nature and apparent severity of the issue, while (i) maintaining the confidentiality of all information reported and disclosed during the course of an investigation, and (ii) respecting the rights of the alleged offender to know that a complaint has been made. The Bank will disclose only the information that is absolutely necessary to properly investigate and address the suspected violation.

For more information, refer to the **Disclosure of Wrongdoing Policy** or the **Internal Investigations Policy**, available on the Bank of Canada intranet.

### 4. Board Oversight

The Board of Directors ("the Board"), through a designated committee, oversees the administration of the Code. The Board monitors how the Code is being applied throughout the Bank and is responsible for approving any amendments to the Code. It also receives notice of, or approves, as the case may be, any relief application made under **Section 6 of Part I** of this Code, **Relief Procedures**.

At least once every year, and more frequently if requested, the Compliance Office reports to the Board on the administration of the Code to assist in monitoring how the Code is being applied and reviewing it for any appropriate changes.

The Compliance Office may report on breaches or suspected breaches of the Code and advise on matters relating to ethical conduct. The report may include information from members of Governing Council, the General Counsel and Corporate Secretary, the Compliance Office, Wellness and Employee Relations, and any other employees with responsibilities for the administration of the Code.

### ***5. Public Servants Disclosure Protection Act***

This Code is consistent with the Values and Ethics Code for the Public Sector established by the Treasury Board pursuant to the *Public Servants Disclosure Protection Act*.

## Part VIII: Definitions

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The following terms are used throughout the Code:

**Associate** means: (a) a corporation that an employee owns or controls shares in, directly or indirectly, where the shares represent more than 10 per cent of the voting rights; (b) an employee's business partner who is acting on behalf of the partnership; and (c) a trust or estate that the employee has a beneficial interest in, or for which he or she serves as a trustee or acts in a similar capacity.

**Blind Trust** means a trust in which investments are placed under the control of an independent trustee, where the trustee has full discretion to manage the investments on behalf of the beneficiary and where the beneficiary has no knowledge of the holdings or activities of the trust.

**Close Family Member** means an employee's Spouse, children, parents and any other family members who habitually reside in the same household as the employee.

**Control:** for the purposes of the definition of Restricted Entities:

- a) an institution controls a body corporate if securities of the body corporate to which are attached more than 50 per cent of the votes that may be cast to elect Directors of the body corporate are beneficially owned by the institution and the votes attached to those securities are sufficient, if exercised, to elect a majority of the Directors of the body corporate;
- b) an institution controls a trust, fund or partnership (other than a limited partnership) or an unincorporated association or organization, if more than 50 per cent of the ownership interests, however designated, into which the trust, fund, partnership, association or organization is divided are beneficially owned by the institution and the institution is able to direct the business and affairs of the trust, fund, partnership, association or organization; and
- c) the general partner of a limited partnership controls the limited partnership.

**Financial Institution** means:

- a) a bank or an authorized foreign bank as defined in the *Bank Act*;
- b) a body corporate to which the *Trust and Loan Companies Act* applies;
- c) an association to which the *Cooperative Credit Associations Act* applies or a central co-operative credit society for which an order has been made under subsection 473(1) of that Act;
- d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* applies;
- e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province;
- f) a co-operative credit society incorporated and regulated by or under an Act of the legislature of a province; and

- g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province and that is primarily engaged in dealing in Securities, including portfolio management and investment counselling.

**Restricted Entities** means:

- a) direct clearers in the Automated Clearing and Settlement System (ACSS) and entities that control or are controlled by these direct clearers;
- b) direct participants in the Large Value Transfer System (LVTS) and entities that control or are controlled by these participants;
- c) clearing houses that operate systems designated under the *Payment Clearing and Settlement Act* and entities that control or are controlled by these clearing houses; and
- d) Government Securities Distributors and institutions that control or are controlled by these distributors.

**Security** is defined as: (a) a share, unit, subscription, option, warrant, future or other derivative, commercial paper, note, bond, debenture and any other evidence of investment in or of indebtedness of an entity, whether or not such security is publicly traded; and “Securities” is defined to mean any or all of these.

**Spouse** is defined as: (a) a person of the same or opposite sex who is married to the employee; (b) a person of the same or opposite sex who has been cohabiting with the employee in a conjugal relationship for a period of at least one year.

**Trade** is defined as: any activity that represents a change in the legal or beneficial ownership of Securities. This applies even if you are given the Securities without any form of monetary exchange (i.e., as a gift) or you inherit the Securities.

## Appendix I

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### Oath or Solemn Affirmation of Office

I, \_\_\_\_\_, do solemnly swear (*or* affirm) that I will faithfully and to the best of my judgment and ability perform the duties that relate to any office or position in the Bank held by me.

I also solemnly swear (*or* affirm) that I will not:

communicate or allow to be communicated, to any person not entitled to it, any confidential information that relates to the business or affairs of the Bank that I may learn in the course of performing those duties;

use any such information for any purpose other than to perform those duties;

allow any person to inspect or have access to any books and records that belong to or that are in the possession of the Bank and that relate to the business or affairs of the Bank, unless the person is legally entitled to inspect them or to have access to them.

## Appendix II

### Financial Transactions

#### Overview

- Incumbents of **Level 1** positions may not own or Trade in the Securities or other instruments listed in **Group A**.
- Incumbents of **Level 2** positions may not own or Trade in the Securities or other instruments listed in **Groups A and B**.
- Incumbents of **Level 3** positions may not own or Trade in the Securities or other instruments listed in **Groups A, B and C**.

### Restricted Instruments

#### GROUP A

Employees at all levels may not own or Trade in the following Securities or other instruments:

- futures, options or other derivatives used for foreign currency or interest rate speculation
- more than 1 per cent of the shares of a publicly traded company providing goods or services to the Bank

Although you may not Trade in foreign currency or interest rate derivatives, a broker, on your behalf, may move funds into or out of money market instruments as part of normal account maintenance.

Trading in foreign currency includes not only trading, but taking any long, short or other position with respect to currency.

#### GROUP B

Incumbents of **Level 2** and **Level 3** positions may not own or Trade in the following Securities or other instruments:

- securities of direct clearers in the Automated Clearing and Settlement System (ACSS) and entities that *control* or are controlled by these direct clearers
- securities of direct participants in the Large Value Transfer System (LVTS) and entities that control or are controlled by these participants
- securities of clearing houses that operate systems that are designated under the *Payment Clearing and Settlement Act* and entities that control or are controlled by these clearing houses
- securities of Government Securities Distributors and institutions that control or are controlled by these distributors
- mutual fund units or any other pooled units that specialize in investing in Financial Institutions.

**Please note:** Mutual funds or any other pooled units that are widely and diversely held, and that are not disproportionately weighted in the holdings of Financial Institutions, are permitted. Guaranteed investment certificates, term deposits and other similar debt instruments held directly or through money market mutual funds are also permitted.

## GROUP C

Incumbents of **Level 3** positions may not own or Trade in the following Securities and other instruments:

- securities of any Financial Institution, bank holding company, insurance holding company or of any other body corporate, however created, carrying on any business in Canada that is substantially similar to any business carried on by any Financial Institution.

**Please Note:** Mutual funds or any other pooled units that are widely and diversely held, and that are not disproportionately weighted in the holdings of Financial Institutions, are permitted. Guaranteed investment certificates, term deposits and other similar debt instruments held directly or through money market mutual funds are also permitted.

## Permitted Instruments

**Not all Trading is prohibited**, but you should exercise judgment before entering into a Trade. Do not make use of insider information, and ensure that the transaction will not create any real, potential or perceived conflict of interest.

**For greater certainty, it is usually safe to Trade in the following Securities or other instruments outside of a trading blackout period:**

- bonds, debentures or other forms of debt issued or guaranteed by any level of government in Canada, or agencies of those governments;
- guaranteed investment certificates and other similar financial instruments;
- mutual fund units, exchange-traded funds and any other pooled investment funds; exception: Incumbents of **Level 2** and **Level 3** positions are not allowed to invest in investment funds that are primarily designed to, or that specialize in, investing in Financial Institutions;
- investment products that substantially replicate the composition of widely recognized broad market indexes of Securities traded on a public exchange;
- mortgages;
- annuities and insurance policies (provided that the investment options do not contravene any applicable trading restrictions in your level);
- registered funds (e.g., RRSPs, RESPs) that are not self-administered;
- shares required to be purchased to become or remain a member of a Financial Institution, such as a credit union or caisse populaire;
- up to 1 per cent of the shares of a publicly traded company providing goods or services to the Bank.

## Close Family Members and Associates

Transactions undertaken by your Close Family Members or Associates on their own account are not restricted by this Code (except with respect to members of Governing Council—please see paragraph below), but you should be aware that their activities might be attributed to you. Because of the risk of this perception arising, you must make your Close Family Members or Associates aware of the restrictions that are placed on your Trading and financial activities. If you believe that the activities of a Close Family Member or any Associate might give rise to such a perception, you should consult with the General Counsel and Corporate Secretary.

## Level 2 and Level 3

You will be asked during the annual compliance certification exercise to confirm that you have advised your Close Family Members or Associates of the restrictions placed on your trading and financial activities.

## Additional Requirements for Members of Governing Council

Close Family Members of the members of Governing Council are subject to the same Trading restrictions as members of Governing Council. Members of Governing Council must ensure that their Close Family Members are aware of these restrictions and comply with them.

Members of Governing Council are also required to make an annual disclosure of all investment holdings, liabilities, trading and financial activities during the previous year for themselves and their Close Family Members