

## ASSOCIATION OF CORPORATE TREASURERS – THE ETHICAL CODE

1. This Code applies to:
  - (a) All members of the Association of Corporate Treasurers (hereinafter referred to as "ACT"), as defined in Article 2.6 of the ACT's Articles of Association, namely:
    - (i) Associate Members;
    - (ii) Members;
    - (iii) Honorary Fellows;
    - (iv) Fellows; and
    - (v) Corporate Members;
  - (b) Duly appointed representatives of Corporate Members;
  - (c) Students;
  - (d) Affiliates; and
  - (e) International Affiliates.
2. For the purposes of this Code any reference to a 'member' includes all persons and bodies corporate to whom this Code applies, as described at paragraph 1 above.
3. This Code sets down principles, which should be followed by all members of the ACT. In the event a member contravenes the Code, a complaint may be made against him

under the ACT's Disciplinary Rules and he may become liable to disciplinary action in accordance with those Rules.

4. This Code provides a framework for the conduct of all treasury activities. The fundamental philosophy behind this Code is the view that corporate treasurers should act in accordance with the highest professional standards.
5. The ACT has a significant proportion of members not engaged in corporate treasury management. There are, for example, members in accountancy, banking and other financial occupations, in financial management other than treasury, and in general management and consultancy. Some members are self-employed either on their own or in partnership. As the principal object of the ACT is to serve as the professional body for those engaged in treasury management, this Code deals primarily with the ethical issues of that occupation, but also covers issues which affect members in all occupations.
6. Throughout this Code masculine pronouns are intended to refer to members of either sex.

### **Fundamental principles**

7. The fundamental principles governing the conduct of a member of the ACT are:
  - (a) Integrity, which includes:
    - (i) avoiding conflict between the member's private self-interest and that of his employer or clients;
    - (ii) serving his employer, or, where applicable, his clients, honestly and in good faith;

- (iii) acting honestly and in good faith towards all those outside his own organisation (in addition to those mentioned above) who deal with him;
  - (iv) fulfilling the duties of trust owed by reason of the actual appointment or appointments held by him; and
  - (v) upholding, in whatever way is appropriate to the member's occupation or appointment, the standards of integrity and fair dealing required for the honest conduct of business and for the effective functioning of the financial markets in which the member or his employer play a part.
  
- (b) Independence in making professional judgements and in giving opinions and statements.
  
- (c) Courtesy and consideration to all with whom he has contact in his professional work.
  
- (d) Professional competence, which includes:
  - (i) compliance with the technical and professional standards expected of him not only as a member of the ACT, but also by virtue of the seniority and responsibility of his position; and
  - (ii) carrying out his duties with reasonable care and skill, particularly where his failure to do so could adversely affect members of the public, persons, including bankers, dealing with his employer or, where applicable, clients.

- (e) Confidentiality, which includes refraining from disclosing or using for his own purpose or for some other improper purpose confidential information obtained in the course of his employment, in the performance of his duties or through his membership of the ACT (including, for the avoidance of doubt, the ACT's Directory of Members) or other information which he knows to be of a confidential nature.
- (f) Compliance with the laws, regulations and conventions of the countries and markets in which he transacts business, including company law, tax law, exchange control regulations, and regulations to protect the interests of the public dealing in financial and similar markets; in the United Kingdom, for example, these would include the City Code on Take-Overs and Mergers, the Rules and Regulations of the Stock Exchange and Regulations issued under the Financial Services and Markets Act 2000.
- (g) Compliance with the codes and rules of other professional bodies to which the member belongs.

### **Relationships and duties**

8. A member who acts as a treasurer or who manages the treasury function has duties, derived from the fundamental principles set out in paragraph 7, to a number of different classes of people.

- (a) The first such class is his own employer. The nature of the treasurer's employment can breed conflicts of interest, especially where other parties place special trust in the integrity of the treasurer by virtue of his membership and professional standing. The member must avoid misleading those parties not

only by mis-statements, but also by omitting material information. Where this type of conflict of interest causes difficulty, the member should seek legal advice or request guidance from the ACT.

(b) Another class of people to whom a duty is owed are members of the public or others likely to read and act on documents which the member prepares for use outside his own organisation. Examples are an offer document, a circular to shareholders or a disclosure letter.

(c) A third class is represented by bankers and others with whom a member deals on his employer's behalf in the course of his duties. Here too his professional duty is to honour the trust which such outside parties may reasonably place in him as a member and by virtue of his appointment. Whenever this causes conflicts of interest, he should ensure that the outside parties understand his position clearly, and, if he thinks it appropriate to do so, seek legal advice or guidance from the ACT.

(d) A fourth class is his fellow employees, and particularly his junior staff, who look to him as a person of professional integrity.

9. The duties described in paragraph 8 above shall be complied with, so far as applicable, by members working as treasury staff, or engaged in other financial activities.

10. Members who are employed but who are not engaged in the activities covered by paragraphs 8 or 9 above, will have analogous relationships. They too must conduct themselves in those relationships in accordance with the principles and duties contained in paragraphs 7 and 8 above.

11. Members in a professional practice must comply with:
  - (a) 'mutatis mutandis' the principles and duties set in paragraphs 7 and 8 above;
  - (b) the rules of any profession to which they belong; and
  - (b) the normal standards of a professional in practice, including courtesy towards competitors, care on behalf of their client's interests, safeguarding client's funds entrusted to them, and maintaining the respect in which the public holds their profession.
  
12. In addition, every member has a professional and collegiate relationship with his fellow members of the ACT.
  
13. It is the duty of every member not to conduct himself in a manner which may bring himself or the ACT into disrepute.

**Gifts, services and hospitality**

14. The treasurer's role as a buyer of financial and similar services can cause ethical dilemmas in a number of ways. They can arise if a member engaged in treasury management is offered hospitality, commissions or gifts or personal services either free or at less than market prices, or if he conducts personal business with a supplier of financial or other services who also conducts or seeks to conduct business with the member's employer. In such situations a member should comply with the following principles and rules:
  - (a) He must not accept gifts, services or hospitality in any way which could affect, or which might appear to affect, his judgement or loyalty or the proper performance of his duties.

- (b) He must avoid any impairment of his integrity and independence of judgement, especially in the choice of parties to deal with on his employer's behalf.
- (c) He must ensure that his employer is aware of and has agreed to any personal business that he may conduct with parties who also conduct or seek to conduct business with his employer, and disclose any benefits thereby received or to be received by him.

15. Members not engaged in treasury management should follow the same principles where analogous issues arise.