



TREASURY
EXCELLENCE
AS STANDARD

**THE ASSOCIATION OF CORPORATE
TREASURERS
ETHICAL CODE**

The Ethical Code

1. This Code applies to all members, including student members, of the Association of Corporate Treasurers (hereinafter referred to as "ACT"), as defined in Bye-laws.
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. (a) 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 that member under the ACT's Disciplinary Rules and the member 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. *INTENTIONALLY DELETED.*

Fundamental principles

7. The fundamental principles governing the conduct of members of the ACT are:
 - (a) Integrity, which includes:
 - (i) avoiding conflict between the members' private self-interest and that of their employers or clients;
 - (ii) serving their employers, or, where applicable, their clients, honestly and in good faith;
 - (iii) acting honestly and in good faith towards all those outside their own organisations (in addition to those mentioned above) who deal with them;
 - (iv) fulfilling the duties of trust owed by reason of the actual appointment or appointments held by them; 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 the member's employer play a part.

- (b) Independence in making professional judgements and in giving opinions and statements.
- (c) Courtesy and consideration to all with whom they have contact in their professional work.
- (d) Professional competence, which includes:
 - (i) compliance with the technical and professional standards expected of the member not only as a member of the ACT, but also by virtue of the seniority and responsibility of the member's position; and
 - (ii) carrying out their duties with reasonable care and skill, particularly where their failure to do so could adversely affect members of the public, persons, including bankers, dealing with the member's employer or, where applicable, clients.
- (e) Confidentiality, which includes refraining from disclosing or using for their own purposes or for some other improper purpose confidential information obtained in the course of their employment, in the performance of their duties or through their membership of the ACT (including, for the avoidance of doubt, the ACT's Directory of Members) or other information which they know to be of a confidential nature.
- (f) Compliance with the laws, regulations and conventions of the countries and markets in which they transact 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-Over 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 the member's 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 the treasurer's 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 the member's 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 members deal on their employers' behalf in the course of their duties. Here too their professional duty is to honour the trust which such outside parties may reasonably place in them as members and by virtue of their appointment. Whenever this causes conflicts of interest, they should ensure that the outside

parties understand their position clearly, and, if they think it appropriate to do so, seek legal advice or guidance from the ACT.

- (d) A fourth class is a member's fellow employees, and particularly a member's junior staff, who look to the member's 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
 - (c) the normal standards of a professional in practice, including courtesy towards competitors, care on behalf of their clients' interests, safeguarding clients' funds entrusted to them, and maintaining the respect in which the public holds their profession.
- 12. In addition, all members have a professional and collegiate relationship with their fellow members of the ACT.
- 13. It is the duty of all members not to conduct themselves in a manner which may bring them 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 the member 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) Members must not accept gifts, services or hospitality in any way which could affect, or which might appear to affect, their judgement or loyalty or the proper performance of their duties.
 - (b) Members must avoid any impairment of their integrity and independence of judgement, especially in the choice of parties with whom to deal on their employers' behalf.
 - (c) A member must ensure that the member's employer is aware of and has agreed to any personal business that the member may conduct with parties who also conduct or seek to conduct business with the member's employer, and disclose any benefits thereby received or to be received by the member.

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