

Market Abuse Policy Summary

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1 Introduction

On 3 July 2016, Regulation 596/2014 of the European Parliament and of the Council of the European Union (the Market Abuse Regulation or MAR) repealed and replaced Directive 2003/6/EC on Market Abuse (the Market Abuse Directive).

Given the extension of the legal provisions included in MAR and the implications for EUROFIMA, this policy is introduced to replace the previous internal policy under Appendix 5.4 of the Capital Market Management Policy.

1.1 What is this Policy about?

EUROFIMA is an issuer of debt securities (**EUROFIMA Securities**) and deals – as part of its liquidity portfolio operations – in debt securities issued by third parties.¹ As such it is subject to the EU Market Abuse Regulation (**MAR**)². This document sets out EUROFIMA's policy and procedures for ensuring compliance with MAR.

1.2 Who is responsible for the Policy?

The Policy is the responsibility of EUROFIMA's Market Abuse Compliance Officer. The role and responsibilities of the Market Abuse Compliance Officer are set out in Appendix 3.

1.3 To whom does the Policy apply?

It is possible that any of EUROFIMA's Directors and employees (**EUROFIMA Personnel**) may receive inside information in relation to EUROFIMA. For that reason, the policy applies to all EUROFIMA Personnel.

1.4 Which parts do I need to read?

All EUROFIMA Personnel must read:

- Sections 1 to 4 (*Introduction, Summary of obligations, Obligations regarding sensitive and inside information, and What is inside information?*); and

Depending on your role, you may need to read other sections of the Policy. The summary table of obligations at Section 2 states which obligations apply to which types of personnel, and refers to the parts of the Policy that are relevant to each obligation.

1.5 What happens if the Policy is breached?

Failure to comply with this Policy may result in internal disciplinary action. It may also mean that a civil and/or criminal offence has been committed.

¹ This Policy does not address EUROFIMA's dealings in derivatives, since such dealings are conducted in such a way as to not give rise to market abuse concerns.

² For more detail on MAR see Appendix 6, *Background to the Regulation of Market Abuse*.

1.6 What must I do?

You must read the relevant parts of the Policy and understand the obligations that relate to you. As a person to whom this Policy applies you must acknowledge that you have received it and have understood its contents by signing it at Appendix 1.

If you have any questions about the Policy or your obligations you should raise them with your head of department, or with the Market Abuse Compliance Officer.

2 Summary of the obligations

Who is subject to the obligation?	Summary of obligations	Relevant parts of this Policy
All EUROFIMA Personnel	Do not trade on the basis of inside information or otherwise misuse such information	Section 3 – <i>Obligations regarding sensitive and inside information</i> Section 4 – <i>What is inside information?</i>
Staff who trade in financial instruments	Do not manipulate or attempt to manipulate the capital markets	Section 5 – <i>What is Market Manipulation?</i>
Persons discharging managerial responsibilities (PDMRs), i.e. members of the Board of Directors and Management	Ensure that you and your family members comply with the detailed requirements set out in this Policy regarding notifying transactions in EUROFIMA bonds and not making such transactions in a closed period	Section 8 – <i>Restrictions on managers' transactions</i>
Board of Directors, Management and the Market Abuse Compliance Officer	Make inside information about EUROFIMA public as soon as possible	Section 6 – <i>Disclosing inside information to the public</i>
Middle Office	Create and maintain an insider list	Section 7 – <i>Insider lists</i>
Market Abuse Compliance Officer	Create and maintain a list of PDMRs and ensure that notifications are made of PDMR transactions when necessary	Section 8 – <i>Restrictions on managers' transactions</i>
Capital Markets staff	Require market participants conducting market soundings on its behalf to follow the required procedures	Section 9 – <i>Managing market soundings</i>
Market Abuse Compliance Officer	Establish effective arrangements to deny access to inside information to persons other than those who require it for the exercise of their functions within EUROFIMA	The whole of this Policy, especially: Section 3 – <i>Obligations regarding sensitive and inside information</i>

3 Obligations regarding sensitive and inside information

You must not:

- Deal in any EUROFIMA Securities if you are in possession of inside information concerning EUROFIMA.
- Recommend or encourage someone else to deal in EUROFIMA Securities when you are in possession of inside information concerning EUROFIMA.
- Disclose any inside information about EUROFIMA except where you are required to do so as part of your employment or duties and in conformity with this Policy. This means that you should not share sensitive information concerning EUROFIMA with family, friends or business acquaintances.

You must:

- Only share sensitive information with other employees on a "need to know" basis.
- Contact your head of department or the Market Abuse Compliance Officer if you become aware of anything you think may be inside information, or you want/need to disclose information (internally or externally) and are not sure whether or not it is inside information.

For further details on how inside information is defined and what may constitute inside information in the context of EUROFIMA, please read Section 4 *What is Inside Information?*

4 What is inside information?

"Inside information" is defined as information:

- of a precise nature;
- which has not been made public;
- relating, directly or indirectly, to one or more issuers (e.g. EUROFIMA) or to one or more financial instruments (e.g. bonds issued by EUROFIMA); and
- which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

4.1 Precise Nature

Information is sufficiently precise if it indicates:

- a set of circumstances which exists or which may reasonably be expected to come into existence; or
- an event which has occurred or which may reasonably be expected to occur;
- where the event or set of circumstances is specific enough to enable a conclusion to be drawn as to its possible effect on the prices of the relevant financial instruments or related derivatives.

4.2 Significant Effect

Information will have a "significant effect" on the price of financial instruments only if a reasonable investor would be likely to use such information as part of the basis for his or her investment decision.

Both "positive" and "negative" information can be inside information.

Whether information amounts to inside information must be carefully determined by EUROFIMA on a case-by-case basis, but information relating to the following should generally be treated with caution:

- actual or potential market or corporate transactions (e.g. bond issuances, loans) EUROFIMA is involved in, regardless of their nature or size;
- financial information concerning EUROFIMA, before such information becomes a matter of public record (e.g. financial reports);
- information relating to new developments in the business of EUROFIMA where such developments are capable of affecting EUROFIMA's standing (e.g. a planned change to the legal/political framework that underpins EUROFIMA);
- EUROFIMA's ability to repay interest under, or the principal amounts of, its bonds; and
- any matters which may affect EUROFIMA's credit rating or credit worthiness.

5 What is market manipulation?

Who: this section is most relevant to staff who trade in financial instruments on behalf of EUROFIMA (in particular Treasury staff).

You must not manipulate or attempt to manipulate the capital markets.

EUROFIMA deals in securities when managing its liquidity portfolio and carrying on other treasury operations. This activity does not render EUROFIMA, for the purposes of MAR, a person who professionally arranges or executes transactions. As a result, EUROFIMA does not need to follow the specific monitoring and reporting requirements that MAR imposes on such persons.

Notwithstanding this, EUROFIMA is committed to raising awareness among its employees of the ban on engaging in or attempting to engage in market manipulation.

Market manipulation includes:

- Entering into a transaction, placing an order to trade or any other behaviour:
 - Which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument;
 - Which secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level; or
 - Which affects or is likely to affect the price of one or several financial instruments and which employs a fictitious device or any other form of deception or contrivance.
- Disseminating misleading information or rumours about financial instruments through the internet or other media.
- Transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark.

- Taking a dominant position in a financial instrument, which is likely to fix the price of that instrument or create other unfair trading conditions.
- "Marking the close", i.e. buying or selling financial instruments at the opening or closing of the market in a way, which is likely to mislead investors.
- Placing orders on a trading venue, which are likely to disrupt the functioning of the venue.
- Voicing an opinion about a financial instrument on the internet or other media without disclosing a position held in that instrument.

Where the above definitions refer to a "financial instrument" they also cover a related spot commodity contract or an auctioned product based on emission allowances.

6 Disclosing inside information to the public

Who: this section is most relevant to EUROFIMA's Board of Directors, Management and the Market Abuse Compliance Officer.

Where inside information relating to EUROFIMA or its financial instruments comes into existence, **EUROFIMA must** disclose this to the public as soon as possible.

Specifically, unless EUROFIMA is able to delay disclosure (see below), **EUROFIMA must:**

- Disclose the information via the Regulatory News Service of the London Stock Exchange (or equivalent for bonds listed elsewhere).
- Post and maintain on an easily identifiable section of its website, free of charge and for a period of at least five years, all the inside information it has disclosed publicly.

For the definition of inside information see section 4 *What is Inside Information?*

6.1 Delay of disclosure

EUROFIMA may only delay the disclosure of inside information if:

- it has legitimate interests which would be prejudiced by immediate disclosure;
- the delay is not likely to mislead the public; and
- it is able to ensure the confidentiality of the information.

An example of where EUROFIMA may delay disclosure is the case where it is conducting negotiations, the outcome of which would likely be jeopardised by immediate public disclosure of the information³. A decision whether or not to delay disclosure should always be made by the EUROFIMA Chief Executive Officer.

³ Further examples of legitimate interests justifying delay, and of situations where delay may mislead the public, are given in the European Securities and Markets Authority [Guidelines](#) No. 1130/2016.

If disclosure is delayed, **EUROFIMA must** notify the UK Financial Conduct Authority (FCA)⁴ of the delay immediately following public disclosure of the information.

Where disclosure of inside information has been delayed and the confidentiality of that inside information is no longer ensured, **EUROFIMA must** disclose the information to the public as soon as possible.

The reasons for any delay need to be properly documented, as the FCA has the power to request information from EUROFIMA explaining why it has decided to delay the disclosure of inside information.

7 Insider lists

Who: this section is most relevant to Middle Office.

EUROFIMA must:

- create a list of all persons who have access to inside information;
- promptly update the list whenever there is a change;
- retain it for a period of at least five years and provide it to the FCA upon request;
- take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

EUROFIMA must ensure that the insider list includes:

- the identity of any person with access to inside information;
- the reason for including that person on the insider list;
- the date and time of day that person obtained access to inside information; and
- the date the insider list was prepared.

The Market Abuse Compliance Officer should ensure that a list of all persons who have access to inside information is created and kept up to date. This will include external advisers.

Senior managers who, although not directly involved in transactions, receive inside information frequently due to their role at Board meetings or transaction review committees, should be included in the permanent section of the insider list.

⁴ References in this Policy to the FCA include any other regulator of an EU jurisdiction where EUROFIMA's bonds are listed.

8 Restrictions on managers' transactions

Who: this section is most relevant to persons discharging managerial responsibilities (**PDMRs** – see definition below).

A PDMR or a person closely associated with them must:

- Notify EUROFIMA and the FCA of every transaction conducted on their own account relating to EUROFIMA bonds, once the cumulative value of those transactions in a calendar year reaches €5,000.
- The notification must be made promptly and no later than three business days after the date of the transaction that takes the cumulative value over €5,000.
- Once the cumulative value exceeds €5,000, all past and future transactions for that calendar year must be notified.
- The notification must be made through the electronic notification system.

A PDMR must:

- Notify in writing the persons closely associated with them of the obligations listed above and keep a copy of this notification.

The Market Abuse Compliance Officer must:

- Ensure that the notification to the FCA referred to above is made, and publish it on EUROFIMA's website no later than three business days after the transaction.
- Create and maintain a list of all PDMRs and persons closely associated with them.

A PDMR must not:

- Conduct transactions in EUROFIMA's bonds for its own or a third party's account during a 'closed period' of 30 calendar days before the publication of EUROFIMA's annual report and accounts.

8.1 Who is a PDMR?

A PDMR at EUROFIMA is:

- a member of the EUROFIMA Board; or
- a senior executive who is not a Board member, but who has regular access to inside information relating directly or indirectly to EUROFIMA and power to take managerial decisions affecting the future developments and business prospects of EUROFIMA (i.e. EUROFIMA management).

8.2 Who is closely associated with a PDMR?

A closely associated person is one of the following:

- A spouse, civil partner or equivalent;
- A dependent child;
- A relative who has shared the same household for at least one year on the date of the relevant transaction;
- A family trust or similar entity controlled or set up for the benefit of a PDMR.

8.3 What transactions are covered?

- Transactions in EUROFIMA bonds or in derivatives or other financial instruments linked to them.
- Pledging or lending of any of these financial instruments.
- Transactions in any of these financial instruments made by a discretionary investment manager or broker.
- Transactions made under a life insurance policy in the name of the PDMR or closely associated person where they have the power or discretion over transactions in specific instruments in the policy.

8.4 How will this work in practice?

PDMRs should notify the Market Abuse Compliance Officer of any transactions in EUROFIMA bonds, whether or not they exceed the €5,000 limit. This notification should preferably take place before the transaction. If it does not, it should take place as soon as possible thereafter. The Market Abuse Compliance Officer will be responsible for collating the information on relevant transactions and notifying the FCA on behalf of the PDMR when the €5,000 limit has been exceeded. The Market Abuse Compliance Officer will provide the PDMR with a copy of the notification.

9 Managing market soundings

Who: this section is most relevant to Capital Markets staff.

Market sounding refers to the activity of gauging the interest of potential investors in a possible transaction and the conditions relating to it, such as size or pricing. MAR sets out a detailed procedure for conducting market soundings.

EUROFIMA's current practice is not to directly approach potential investors in relation to bond issues. Approaches are made through a bank or other intermediary. Therefore, EUROFIMA does not have to follow the market sounding procedures itself. However, EUROFIMA will normally require intermediaries to comply with the MAR requirements and to provide relevant records to EUROFIMA on request.

Relevant EUROFIMA staff should have a high level awareness of the MAR requirements. They should cooperate with intermediaries who contact them to seek information in order to comply with the requirements.

9.1 Obligations of banks or other intermediaries in relation to market soundings⁵

Amongst other things, a bank or other intermediary which contacts potential investors on EUROFIMA's behalf must consider whether the market sounding will involve the disclosure of inside information.

If the market sounding will involve the disclosure of inside information: the intermediary must inform the potential investor, seek their consent to receive the information, and inform them of specific restrictions on their use of the information.

If the market sounding will not involve the disclosure of inside information: the intermediary must inform the potential investor that the investor must consider whether or not it amounts to inside information, and request the investor's consent to proceed with the market sounding.

⁵ These obligations are set out in full in Regulation [2016/960](#) (arrangements, systems and procedures) and Regulation [2016/959](#) (systems and notification templates and records formats)