

EFFECTIVE FROM: 1 JANUARY 2022

# The Code of Ethics of the Czech National Bank

## approved by the Bank Board on 27 October 2021

### PART ONE GENERAL RULES

#### Article 1 Introductory provisions

1) The Czech National Bank (hereinafter referred to as the “**CNB**”) is an important and independent institution of the state with a key position in the financial sector. The CNB also wishes to be a respected partner in its activities in European and international structures, as well as in cross-border cooperation. An employee of the CNB (hereinafter referred to as an “**employee**”) shall protect the CNB’s reputation<sup>1</sup> and refrain from any action which could damage the CNB’s reputation.

2) For this purpose, the employee shall follow the principles of professional ethics set out under Article 50(6) of Act No. 6/1993 Coll., on the Czech National Bank, as amended (hereinafter referred to as the “**Act on the Czech National Bank**”) in this Code of Ethics of the Czech National Bank (hereinafter referred to as the “**Code**”). The Code is an internal regulation of the CNB.

3) Under the conditions stipulated below, the rules set out in the Code shall also apply to the employee’s actions which are not related to his/her employment at the CNB; otherwise, the Code shall apply appropriately to such employee conduct.

#### Article 2 Definition of terms

1) **Personal interest of an employee** shall mean such interest which brings the employee economic benefit, another personal benefit or prevents the occurrence of a potential reduction in

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<sup>1</sup> Article 135(2) of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter referred to as the “Civil Code”).

the employee's economic or other benefit; the personal interest of the employee shall also mean the interest of a close person<sup>2</sup> or a legal entity controlled by him/her or over whose actions the employee exercises significant influence<sup>3</sup>.

2) **Price-setting information** shall mean non-public information which has the nature of inside information as defined by a directly applicable European Union regulation governing the rules against market abuse<sup>4</sup>, including information which relates to interest rates, exchange rates and koruna or foreign currency transactions.

3) **Supervisory information** shall mean non-public information which relates to entities subject to CNB supervision or the CNB's powers in the area of resolution on the financial market (hereinafter referred to as the "**supervised entity**").

4) **Business information** shall mean non-public information relating to an entity which has a business relationship with the CNB or aims to conclude such relationship (hereinafter referred to as the "**business partner**").

5) **An employee with access to business information** shall mean an employee who, due to his/her professional position, is able to influence the conditions of transactions between the CNB and a business partner, concluded within or outside the public procurement regime, and has business information regarding this business partner. An employee is presumed to have such business information if a person close<sup>2</sup> to such business partner is a member of a statutory, supervisory or other body, a controlling entity or an entity with significant influence<sup>3</sup> on its actions, a manager<sup>5</sup> or carries out activities for the business partner relating to decision-making and control powers in the areas of concluding commercial contracts or performing a contract with the CNB, unless he/she prove the opposite to his/her superior.

6) In relation to a legal entity, a **member of a group** shall mean an entity controlled by it, an entity controlling it or an entity also controlled by this controlling entity.

7) **A superior** shall mean an executive director of a department or a Bank Board member; this shall be without prejudice to the provisions of Article 30(4).

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<sup>2</sup> As defined in Article 22 of the Civil Code.

<sup>3</sup> Article 22(5) of Act No 563/1991 Coll. on Accounting, as amended.

<sup>4</sup> Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

<sup>5</sup> Article 11 of Act No. 262/2006 Coll., the Labour Code, as amended.

### Article 3

#### **Basic principles**

1) When performing their tasks and duties, employees shall follow the legal regulations relating to these activities (legality principle), act in compliance with the objectives of and in the interest of the CNB (loyalty principle), with professional care (professionalism principle) and adhere to the standards of ethical conduct given below (integrity principle).

2) Employees shall act fairly, impartially, prudently, economically and without undue delay when performing their work and duties.

### Article 4

#### **Non-discrimination**

When performing their tasks and duties, employees are prohibited from acting in a discriminatory manner in comparable situations towards their colleagues, including their subordinates, or third parties, in particular contractual partners, job applicants, visitors, parties to administrative proceedings and entities subject to CNB supervision, on the grounds of race, ethnic origin, nationality, gender, sexual orientation, age, disability, religion, faith or world view; discrimination on the grounds of pregnancy, parenthood and gender identification shall also be deemed to be gender discrimination<sup>6</sup>.

### Article 5

#### **Dignity and proper conduct**

1) Employees shall be careful to maintain their dignity and the dignity of their colleagues, including subordinates, and shall in no way engage in any form of violence or harassment (physical, psychological, sexual and other) against their colleagues or third parties, or in other inappropriate behaviour affecting their dignity.

2) Employees shall observe the principles of social (polite, appropriate) behaviour, maintain a professional appearance in line with their position, keep the CNB premises clean and orderly, especially those areas accessible to third parties, and refrain from the consumption of alcohol and other addictive substances inside and outside the workplace during working hours, with the exception of habitual work-related social events.

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<sup>6</sup> Act No. 198/2009 Coll., on equal treatment and on the legal means of protection against discrimination and on amendment to some laws (the Anti-Discrimination Act), as amended.

## Article 6

### Conflicts of interest

1) An employee shall prevent any conflict of personal interest with the interest of the CNB.<sup>7</sup> Should there be a conflict between the CNB's interest in protecting its reputation and the personal interest of the employee, the employee is not permitted to prioritise his/her personal interest over the interest of the CNB; this shall be without prejudice to the rights and claims of the employee against the CNB as an employer.

2) The employee is not permitted to misuse his/her position, the information available to him/her in connection with performing his/her professional tasks and duties, personal contacts made during his/her employment at the CNB, his/her powers and influence for his/her own benefit or for the benefit of another person or to the detriment of the CNB, another employee or a third party. In addition to the employee's private life, this shall also apply to his/her political, religious, trade union or association activities and to other gainful or charitable activities.

3) Superiors and other senior officers listed in Article 30(4), who are directly engaged in the CNB's public procurement decisions, shall also comply with the duties under the Act on Conflicts of Interest.<sup>8</sup>

## Article 7

### Prevention of conflicts of interest and elimination of bias

1) If there is a risk of a conflict of interest when an employee is performing his/her work and duties or if a conflict of interest has already occurred, the employee shall immediately cease to act in respect of the matter, except where an action cannot be postponed and cannot be secured otherwise. The employee shall immediately inform his/her superior of this in writing or in another provable manner (hereinafter referred to as "**provably**").

2) An employee who is involved in the CNB's procedure during administrative proceedings, on-site examination or off-site surveillance shall provably and without delay communicate and briefly justify to his/her superior that his/her relationship with the entity which is subject to the CNB's measures may give rise to doubts about his/her impartiality.<sup>9</sup> The superior shall, without undue delay, provably decide whether the employee concerned is or is not permitted to continue to be involved

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<sup>7</sup> Article 50(5) of the Act on the Czech National Bank.

<sup>8</sup> Act No. 159/2006 Coll., on Conflicts of Interest, as amended.

<sup>9</sup> Article 14 of Act No. 500/2004 Coll., the Administrative Procedure Code, as amended; Article 45 of the Act on the Czech National Bank.

in the CNB's procedures in the matter and inform the Ethics Committee of the Czech National Bank (hereinafter referred to as the "**Committee**") about the case.

3) If there is a risk of a conflict of interest of an employee who is involved in the CNB's procedure in public procurement or in the conclusion of a commercial contract, he/she shall provably and without delay notify the Executive Director of the Administration Department about it and provide a brief justification for same. The Executive Director of the Administration Department shall, without undue delay, provably decide whether the employee concerned is or is not permitted to continue to be involved in the CNB's procedure in the matter and inform the Ethics Committee of the Czech National Bank about the case.

4) Where the situation in paragraph 1 or 2 involves executive directors of departments or Bank Board members or where the situation in paragraph 3 involves the Executive Director of the Administration Department or Bank Board members, they shall, without delay, provably inform the Bank Board. The Bank Board shall decide without undue delay whether the person referred to in the previous sentence may continue to be involved in the CNB's procedure in the matter. The Committee shall be informed about the case by the member of the Bank Board who chairs it.

## Article 8

### Influencing employees

1) An employee shall bear in mind that the CNB is not permitted to seek or take instructions from anybody when performing its activities<sup>10</sup>, unless a legal regulation stipulates otherwise.

2) If an employee is asked or otherwise influenced to act in violation of this Code or in any other manner jeopardising the CNB's reputation, he/she shall emphatically and unequivocally reject such conduct. In serious cases, the employee shall notify his/her superior without delay and in detail; his/her superior shall inform the Committee about the case. Executive directors of departments or Bank Board members shall inform the Bank Board of this matter without undue delay; the Committee shall be informed about the case being handled by the member of the Bank Board who chairs it.

## Article 9

### Protection of information

1) An employee shall bear in mind that the CNB has a whole range of non-public information at its disposal which may have significant value for uninitiated persons and which is protected by legal

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<sup>10</sup> Article 9(1) of the Act on the Czech National Bank.

regulations, in particular when communicating with the media, in presentation and publishing activities (Article 16 and 17) and in non-work-related communication. The employee must not use such information in his/her personal interest or in the interest of another person or institution.<sup>7</sup>

2) An employee shall comply with the imposed duty to maintain confidentiality in business matters and can be relieved of such duty only for legal reasons.<sup>11</sup> An employee may disclose such non-public work-related information to another person, including other employees, only when performing work-related tasks or legal duties.

3) When using information systems and technology, in particular in electronic communication, an employee shall be prudent and comply with the required security measures in order to prevent unauthorised access to information or data.

## Article 10

### **Asset management by employees**

1) When managing his/her own or someone else's assets, each employee shall bear in mind that his/her financial investments and in particular financial market operations may be subject to suspicion of misuse of private information or his/her position, due to the nature of the CNB's activities and status. He/she shall therefore proceed extremely prudently in asset management and try at all times to anticipate possible consequences to avoid damaging the good reputation of the CNB.

2) No employee who actually has price-setting information, for whatever reason, is permitted to decide to execute a trade on his/her own account or on the account of a third party in koruna, foreign currency or investment instruments<sup>12</sup>, for as long as such information regarding such assets is of an inside nature<sup>4</sup>. Moreover, an employee is not permitted to use such information to recommend such transaction to another person.

3) An employee with access to price-setting, supervisory or business information shall be limited in trading to the extent and in the manner set forth in the Code; this shall be without prejudice to the provisions of paragraph 2.

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<sup>11</sup> For example, Article 50(1) and (2) of the Act on the Czech National Bank; Article 25a of Act No. 21/1992 Coll., on Banks, as amended; Article 26 of Act No. 15/1998 Coll., on Supervision in the Capital Market Area and on the Amendment of Other Acts, as amended; Article 126 of Act No. 277/2009 Coll., on Insurance, as amended; Article 38 of Act No. 253/2008 Coll., on Certain Measures Against Money Laundering and Terrorist Financing, as amended.

<sup>12</sup> Article 3 of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (hereinafter referred to as the "Capital Market Undertakings Act").

## PART TWO SPECIAL RULES

### Article 11

#### **Business activity and gainful activity for another entity**

- 1) An employee is permitted to carry on business only with the prior consent of the Bank Board. This shall also apply to his/her involvement in the business of another natural person.
- 2) An employee may engage in gainful activity which is identical to the CNB's activities on the basis of an employment relationship only with the prior consent of the Bank Board.
- 3) The Bank Board may also grant consent pursuant to paragraphs 1 and 2 for a limited period or subject it to appropriate conditionality.
- 4) In its decision, the Bank Board may define under what conditions an employee may carry on business or engage in gainful activity which is identical to the CNB's activities without requesting the prior consent of the Bank Board. The General Secretariat shall publish this decision in the CNB Gazette.
- 5) After joining the CNB, a new employee shall immediately terminate activities carried on in breach of the provisions of paragraphs 1 through 4.
- 6) A new employee is not permitted to take part in work directly relating to the following:
  - a) supervision of a supervised entity<sup>13</sup> if he/she was in an employment relationship or held a position in this entity's body, directly participated in audit activities or the provision of other services for this supervised entity and less than two years has elapsed since the termination of this relationship,
  - b) public procurement or other actions concerning the conclusion of a contract with an entity if he/she was employed by this entity or held a position in this entity's body, directly participated in the provision of services to this entity and less than two years has elapsed since the termination of this relationship.
- 7) The provisions of this Article shall not apply to the management of own assets and scientific, literary, journalistic, artistic and pedagogical activities.

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<sup>13</sup> Article 44 of the Act on the Czech National Bank.

## Article 12

### **Acting in the bodies of business corporations**

- 1) An employee is not permitted to hold office in the statutory or other body of any business corporation.<sup>14</sup> This shall not apply if he/she was appointed to this office by the Bank Board.
- 2) The provisions of this Article shall not apply to office held in a body of a business corporation which provides accommodation for the employee concerned or a person close to him/her<sup>2</sup>.
- 3) A new employee shall immediately terminate activities carried on in contravention of the provisions of this Article.

## Article 13

### **Participation in legal entities**

- 1) An employee is permitted to be a shareholder of a legal entity carrying on a business activity or have an indirect holding in this entity (i.e. influence exercised through a legal entity which is controlled directly or indirectly by the employee) only with the prior consent of the Bank Board. The Bank Board may also grant consent for a limited period or subject it to appropriate conditionality.
- 2) The provisions of paragraph 2 shall not apply if the employee
  - a) acquires or increases a holding in a legal entity which is an issuer of an investment security admitted to trading on the European regulated market or another public market, where such holding does not exceed the statutory limit for the duty to notify a capital market supervisory authority<sup>15</sup> or where the purchase price for holdings acquired in this legal entity has not exceeded CZK 1,600,000 in the last 12 calendar months,
  - b) acquires or increases a holding in a legal entity other than that referred to in (a) which does not involve the acquisition or increase of a qualifying holding within the meaning of the directly applicable provision of European Union law governing prudential requirements for credit institutions<sup>16</sup>, or where the purchase price for holdings acquired in this legal entity has not exceeded CZK 1,600,000 in the last 12 calendar months,

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<sup>14</sup> Article 1 of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Act on Business Corporations), as amended.

<sup>15</sup> Article 122 of the Capital Market Undertakings Act.

<sup>16</sup> Article 4(1)(36) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.



- c) acquires or increases a holding in a legal entity which provides accommodation for the employee concerned or a person close to him/her<sup>2</sup>,
- d) becomes a member of an association or institute, or a founder of a foundation or a foundation fund,
- e) acquired or increased a holding by inheritance, but for a maximum period of 12 calendar months from the end of the year in which the decision on the inheritance became final, or
- f) has a direct or indirect holding in a legal entity which does not fall under any of the exemptions in (a) through (e), and the employee affirms that he/she does not and does not intend to participate in the business activities of this legal entity beyond the scope of his/her participating interest, and in particular will not directly or indirectly exercise the related voting rights, and shall submit this affirmation to the Committee through his/her superior.

3) The exemptions referred to in (2)(a) through (d) and (f) shall not apply to an employee with access to price-setting, supervisory or business information where this information concerns a legal entity in which he/she intends to acquire or increase a holding, or a member of its group.

4) The acquisition of investment securities by employees with access to price-setting, supervisory or business information is further governed by the **Annex** to the Code (Article 19).

5) A Bank Board's decision may define other cases where an employee may be a shareholder of a legal entity carrying on business or have an indirect holding in this entity without applying for individual prior consent of the Bank Board. The General Secretariat shall publish this decision in the CNB Gazette.

6) A new employee shall bring his/her situation immediately into line with this Article.

## Article 14

### **Gifts, favours and other benefits**

1) An employee is not permitted to accept gifts, favours or other benefits if it is reasonable to assume that these have been offered to him/her in connection with his/her position or activities at the CNB. If an employee learns that such benefits have been offered to a person close to him/her<sup>2</sup>, he/she shall make reasonable efforts to prevent acceptance of such benefits.

2) An employee with access to supervisory information or an employee with access to business information are not permitted to accept gifts, favours or other benefits from any supervised entity, business partner to which this information relates, a member of its group, or its market competitor.

3) Offers which are a customary practice in the course of work and which do not give the impression that the offeror intends to influence the actions of the employee, another employee or

the CNB to his or her own benefit or to the benefit of another person shall not be considered gifts, favours or other benefits pursuant to paragraphs 1 and 2, provided there is no reason to doubt the offeror's reputation and the value of the offer is not manifestly disproportionate to the employee's position. Under these conditions, an employee may accept the following:

- a) advertising and promotional items which are labelled with the offeror's business name or trade mark or with the name of the promotional goods or services, or other customary gifts (e.g. flowers, books, food gifts),
- b) commemorative coins or other customary numismatic items issued by the central bank which the offeror represents, or
- c) a customary form of hospitality, such as a breakfast, lunch or dinner invitation.

4) Paragraph 3 shall not apply if it is reasonable to assume that the offeror is a person against which the CNB's organisational unit (of which the employee is a staff member) is currently conducting or is planning to conduct administrative proceedings, is carrying out an examination, has commenced a direct supervisory examination of certain facts, or is conducting public procurement, or another discussions on the conclusion of an agreement. An employee who may affect the performance of such CNB's activities is not permitted to accept such offers.

5) If there is any doubt about the possibility or appropriateness of accepting an offer pursuant to this Article, the employee concerned shall consult this issue with his/her superior, and in the case of a Bank Board member with the Governor or a Vice-Governor representing him. Superiors may ask the Committee for an opinion.

6) Where the acceptance of an item is in contravention of this Article and it would be socially unacceptable to refuse or return it, the employee shall hand the item in to the Administration Department without undue delay, which shall ensure its use within the CNB or donate it to charity. The Administration Department shall notify the Committee of the handing in of such item.

## **Article 15**

### **Awards and honours**

1) The employee shall ensure that the acceptance of a distinction, order, medal, award, accolade or other honour from a third party does not jeopardise the performance of their tasks and duties set forth in the Code.

2) Should the acceptance of an honour raise legitimate concerns about conflicts of interest, the employee shall refuse the honour or consult with the Committee in advance of accepting same. This shall not apply to honours which are clearly not related to the CNB's activities (sport, cultural, humanitarian, interest awards, etc.).

## Article 16

### Media

- 1) With the exception of Bank Board members, an employee shall honour the rule that the CNB spokesperson and other authorised staff communicate on behalf of the CNB with the media in matters relating to the CNB's activities.
- 2) This notwithstanding, an employee may communicate with the media in matters relating to the CNB's activities with prior consent of his/her superior and the director of the Communications Division. Subsequently, the employee shall provably inform these persons about such communication. Superiors or the director of the Communications Division shall immediately inform the Committee in cases of an actual or imminent conflict of interest or other serious cases.
- 3) If an employee expresses his/her personal view to the media in matters relating to the CNB's activities, he/she shall clearly emphasise the fact that his/her statement cannot be regarded as an official position of the CNB. However, he/she shall bear in mind that his/her view may be mistaken for the CNB's position by the media or the public and be careful to protect the CNB's reputation.
- 4) An employee shall also protect the CNB's reputation in his/her other personal statements, in particular those published on social networks. He/she shall bear in mind that the CNB's reputation may also be jeopardised by his/her purely personal views on issues unrelated to the CNB's activities, especially if the facts constitute a criminal offence. If there is a risk that the employee's personal view might be mistaken for the CNB's position, he/she shall emphasise that it is a personal view.

## Article 17

### Publishing activities and public presentations

- 1) With the exception of Bank Board members, an employee may present a speech, lecture or other pre-prepared contribution relating to the CNB's activities at events accessible to the public or persons other than representatives of public authorities (Czech, foreign or international) only with prior consent of his/her superior and provided that he/she provably informs the director of the Communications Division; this shall not apply to an employee's appearances on behalf of the CNB and his/her academic activities.
- 2) With the exception of Bank Board members, an employee shall provably inform the Communications Division in advance about the publication of an article, public presentation or publication relating to the CNB's activities; this shall not apply to academic activities.

3) If there are reasonable grounds to suspect a conflict of interest and in other serious cases, the employee's superior or the director of the Communications Division shall inform the Committee without delay about the employee's activities pursuant to Articles 1 or 2.

## Article 18

### Trading in foreign currency

1) An employee with access to price-setting information shall notify the Committee of transactions executed by them, the subject of which is the purchase or sale of foreign currency for koruna, where the value of the foreign currency transaction(s) exceeds CZK 200,000 in a period of 90 consecutive days.

2) An employee with access to price-setting information shall prove the conditions of the transaction in the notification (in particular the counterparty, the subject of the transaction, the time of the transaction, or the settlement and its amount). The notification shall be submitted within 5 working days of the execution of the transaction or of the last of the transactions which exceeded the limit pursuant to paragraph 1; if it is impossible or significantly more difficult for the employee to comply with the notification duty within this period for a justifiable reason, he/she shall comply with the duty no later than within five working days from the removal of the obstacle, stating the reason for the delay.

3) Foreign currency transactions shall not mean non-cash payments for purchases of services or items other than funds or investment instruments, the price of which is denominated in a foreign currency, not even when the payment is made to an account held in a different currency.

## Article 19

### Trading in investment instruments

Employees with access to price-setting, supervisory or business information may trade in investment instruments only under the conditions stipulated in the Annex to the Code, which is an integral part of the Code.

## PART THREE REGISTER AND NOTIFICATIONS

### Article 20 The Register

1) A Register of employees with access to price-setting or supervisory information (hereinafter referred to as the “**Register**”) shall be established, in which the following information about employees with access to price-setting or supervisory information is registered in electronic form.

2) It holds true that an employee registered in the Register shall be an employee with access to information of the kind entered in the Register in respect of him/her [Article 22(1)(e)] and shall fulfil the related duties pursuant to this part of the Code until his/her entry in the Register is terminated, unless his/her employment at the CNB terminates earlier.

### Article 21 Entering and terminating the entry of employees in the Register

1) Bank Board members, executive directors of departments and their deputies, and advisers to Bank Board members shall always be entered in the Register as employees with access to both price-setting and supervisory information. The entry of these persons in the Register shall be terminated two years after they cease to hold any of the above offices.

2) A superior shall submit, without undue delay, a proposal to the General Secretariat to enter in the Register an employee who has access to price-setting or supervisory information due to his/her positions. The proposal shall mainly include the type of information to which the employee has access (price-setting or supervisory) and the date on which the reason for the entry arose. It is presumed that an employee with access to supervisory information is:

- a) an employee of the Financial Market Supervision Department, the Financial Market Supervision Department II, the Licensing and Enforcement Department, the Financial Stability Department and the Resolution Department, or
- b) an employee who has a person close to him/her<sup>2</sup> who is a member of the statutory, supervisory or another body of a supervised entity, a controlling entity or an entity with a significant influence<sup>3</sup> on the actions of the supervised entity, a manager<sup>5</sup> of the supervised entity or a manager who carries out activities for the supervised entity relating to decision-making and control powers in the areas of prudence or conduct toward clients.

3) If an employee takes up a function referred to in paragraph 1 or joins the organisational unit referred to in paragraph 2(a), the General Secretariat shall enter the employee in the Register on the basis of a notification from the Human Resources Department.

4) An employee who is not entered in the Register and has access to price-setting or supervisory information or is presumed to have pursuant to paragraph 2(b) with respect to his/her position shall be obliged to provably inform his/her superior of this without delay and, where necessary, provide him/her with the information pursuant to Article 22(1).

5) A superior does not have to propose the entry of an employee who has access to supervisory information in the Register or may request the termination of his/her entry in the Register if

- a) the superior reasonably believes that the employee familiarises him/herself with supervisory information only exceptionally and the nature of the information does not arouse suspicion in terms of the possibility of its use in the personal interest of the employee; or
- b) the employee who enjoys a rebuttable presumption of access to supervisory information pursuant to paragraph 2(a) or (b) proves otherwise to his/her superior.

This shall not be applicable to employees who have access to supervisory information stored in a shared repository containing supervisory information.

6) If a supervisor concludes that an employee entered in the Register has not had continuous access to price-setting or supervisory information for at least one year, he/she shall submit a proposal to the General Secretariat to terminate the employee's entry in the Register.

7) If an employee believes that he/she has been entered in the Register for no reason or meets the conditions for termination of the entry in the Register and his/her superior fails to submit a proposal to the General Secretariat within 15 days to terminate the employee's entry in the Register on the basis of a request by the employee, the employee concerned may contact the Committee directly with a proposal to terminate the entry. If the Committee approves this proposal, the General Secretariat shall terminate the entry of the employee in the Register no later than 5 working days after the decision by the Committee. Where, on the basis of a proposal by a superior or a decision by the Committee, an employee should not have been entered in the Register, the employee's details shall be deleted without delay and Article 25(2) shall not apply.

8) If the employment of a CNB employee entered in the Register ends, his/her entry in the Register shall end after one year. This shall not apply to persons referred to in paragraph 1.

## Article 22 Contents of the Register

- 1) The following employee information shall be recorded in the Register:
- a) name and surname,
  - b) CNB organisational unit to which he/she is assigned
  - c) position,
  - d) personal number,

- e) type of information to which he/she has access (price-setting or supervisory),
- f) the date on which the reason for the entry arose and the date of entry in the Register,
- g) the date of termination of the entry in the Register if it has already occurred.

2) The General Secretariat shall immediately notify the employee concerned and his/her superior of the entry of the employee's details, changes to these details or the termination of the entry in the Register; if it involves the termination of the entry of a former employee in the Register, the General Secretariat shall notify the former employee and his/her last superior of same.

3) The superior shall immediately inform the General Secretariat of a change in the type of information to which the employee should have access.

4) The Register shall also include notifications made by the employee electronically pursuant to Articles 23, 24 and 29(3).

### Article 23

#### **Notifications by employees with access to price-setting or supervisory information**

1) An employee with access to price-setting or supervisory information shall be obliged within 15 days of entry in the Register to make a notification in the Register of his/her business or participation in the business of another natural person, other gainful activity identical to the subject of the CNB's activities, acting in the body of a business corporation or participation in a legal entity (Articles 11 to 13), or state that the above does not apply to him/her.

2) If any of the facts provided in paragraph 1 change, an employee with access to price-setting or supervisory information shall be obliged to make a notification of it in the Register within 15 days from the day on which this change occurred.

3) An employee with access to price-setting or supervisory information shall make a notification in the Register of each honour received pursuant to Article 15, with the exemption of honours clearly unrelated to the CNB's activities, and of each item received pursuant to Article 14(6), within 15 days of receipt thereof.

### Article 24

#### **Notifications by employees with access to supervisory information**

1) An employee with access to supervisory information shall be obliged within 15 days of entry in the Register to make a notification in the Register of the supervised entity and the nature of his/her relationship to such entity if

a) he/she was in an employment relationship with the supervised entity, held office in its body or was its auditor or service provider in the last three years,  
b) the supervised entity made a payment to the employee or the employee has a claim or debt against the supervised entity exceeding the equivalent of EUR 100,000,  
c) he/she is or has been involved a dispute or similar proceedings in the last three years regarding the amount of the consideration or any other substantial issue arising from a contractual relationship with this supervised entity, be it an amicable, out-of-court or court settlement of the dispute.

2) The sum pursuant to (1)(b) shall also apply to assets and debt in the joint assets of spouses or a proportionate share of co-ownership or joint debts.

3) An employee with access to supervisory information shall be obliged to make a notification in the Register within 15 days of the entry in the Register of which

a) persons close to him/her<sup>2</sup> act as a member of the statutory, supervisory or another body of a supervised entity, manager<sup>5</sup> of the supervised entity or carries out activities for the supervised entity relating to decision-making and control powers in the areas of prudence or dealing with clients; he/she shall identify the supervised entity, the close person concerned and the relationship between them,

b) a natural person other than those referred to in (a) are carrying on activities for the supervised entity and the employee reasonably considers that his/her relationship to such person raises bias concerns in respect of the performance of his/her duties and responsibilities; he/she shall identify the supervised entity, the natural person concerned and the relationship between them.

4) An employee with access to supervisory information shall make a notification in the Register within 15 days of the entry in the Register even if the facts referred to in paragraphs 1 or 3 did not apply to him/her.

5) If there is a change in any of the facts notified under this Article, the employee with access to supervisory information shall make a notification of it in the Register within 15 days from the date on which this change occurred.

## Article 25

### Access to the Register

1) The following persons shall have access to information in the Register, including notifications pursuant to Articles 23 and 24, only to the extent necessary:

- a) Bank Board members in deciding on compliance with the Code,
- b) members of the Committee and its Secretary in deciding on compliance with the Code,



- c) a superior as regards employee compliance with the Code and information about that employee,
- d) the staff of the General Secretariat or the Human Resources Department who manage the Register and have been appointed to do so by the Executive Director of the General Secretariat in agreement with the Executive Director of the Human Resources Department,
- e) the staff of the Human Resources Department who are responsible for the CNB's measures in the area of the labour law consequences of violations of the Code and have been appointed to do so by the Executive Director of the Human Resources Department,
- f) the staff of the Internal Audit Department if they investigate the circumstances of compliance with the Code on the basis of authorisation by the Bank Board or the Committee [see Article 27(4)(b)],
- g) the employee concerned where it involves information kept about him/her in the Register,
- h) a public authority where this power is stipulated by law.

2) The CNB shall archive information about employees in the Register for five years after their entry in the Register is terminated. Notifications pursuant to Articles 23 and 24, which are no longer current, shall be archived for a period of five years from their submission. Retaining such information after such periods is admissible in relation to a specific employee only on the basis of an enforceable decision of the competent public authority.

## PART FOUR

### THE ETHICS COMMITTEE AND SUPPORT FOR THE IMPLEMENTATION OF THE CODE

#### Article 26

#### **Committee members and Secretary**

- 1) A Committee shall be established, consisting of five members appointed by the Bank Board from among the employees.
- 2) The Chairperson of the Committee shall be a member of the Bank Board appointed by the Bank Board for a one-year term. A member of the Bank Board may be the Chairperson of the Committee repeatedly.
- 3) The other four members of the Committee shall be appointed or recalled by the Bank Board. They shall serve a two-year term and may be appointed repeatedly. Candidates for membership in the Committee shall be proposed by Bank Board members so that they usually include a representative of an organisational unit with access to price-setting information, a representative of an organisational unit with access to supervisory information and a representative of an organisational unit where access to such information is not usual. One member shall be appointed

on the proposal of the CNB's trade union; such member can only be recalled after discussions with the trade union.

4) The Bank Board shall appoint Secretary of the Committee from among the employees of the General Secretariat on the proposal of the Executive Director of the General Secretariat after obtaining the opinion of the Chairperson of the Committee. The Secretary shall handle the Committee's organisational and administrative matters, including communication between the Committee and employees or superiors. In cooperation with the General Secretariat, the Secretary shall also fulfil an informal methodological and interpretative role in relation to the Code and the Committee's activities towards individual employees.

5) The Committee shall convene as needed. Its meetings shall be convened and chaired by the Chairperson of the Committee, or, in his/her absence, by another member nominated by him/her. The Committee shall have a quorum if at least three members are present. The Committee shall decide by a simple majority of the votes of the members present. In the event of a tie, the Chairperson has the casting vote. The Committee may also decide *per rollam* about issues within its competence. The Chairperson shall sign the Committee's decisions and positions adopted at the meeting chaired by him/her.

6) A Committee member shall not take part in its decision-making if the Committee is discussing his/her compliance with or breach of duties pursuant to the Code or if it is justified to doubt his/her impartiality due to his/her relationship to the matter or the employee to which the decision relates. Other Committee members may also decide not to participate for the above reasons, also on the proposal of the employee whose case is being discussed by the Committee. A reason to doubt a Committee member's impartiality is not in itself that he/she is a superior of the employee concerned.

7) Committee members, the Secretary and other persons referred to in Article 25(1)(a) to (f) shall maintain confidentiality regarding all the information with which they come into contact in the performance of their duties. They may be exempted from this obligation by the Governor for statutory reasons<sup>17</sup>.

## Article 27

### Decision-making power of the Committee

1) The Committee shall discuss matters relating to the fulfilment of the obligations set out in the Code and their breaches. A proposal may be submitted to the Committee by an employee, a

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<sup>17</sup> Article 50(1) and (2) of the Act on the Czech National Bank.

superior, the Bank Board, the organisational unit whose competence relates to the issues regulated by the Code, or a third party. The Committee may also act on its own initiative.

2) The Committee shall issue positions interpreting whether there is a conflict of interest in a specific case or in cases defined by type and what actions are in compliance or in contravention with the rules of the Code.

3) The Committee shall decide whether an employee's intended or executed transaction in investment instruments or foreign currency, of which it is notified in the employee's notification or in a different manner, is a breach of the Code. The Committee shall also decide whether any other employee conduct has breached the Code, and other matters set out in the Code. The Committee's decision must be reasoned and communicated to the employee concerned and to his/her superior or to the Bank Board, to which— depending on the gravity of the breach – the Committee may propose the appropriate remedial measures.

4) When investigating a suspected breach of the Code by an employee, the Committee shall request a statement on the matter by the employee concerned and the reasons for his/her conduct. It is entitled to require the employee to submit documents or other evidence for such purpose. To this end, the Committee may also request

- a) a statement by the employee's superior on the matter, or
- b) the Internal Audit Department to investigate the matter within its competence and powers as defined by the CNB's internal rules. To this end, any other organisational unit shall provide the necessary assistance when requested to do so.

5) The Committee may propose to the employee's superior, the Human Resources Department, or the Bank Board the use of remedies available under the Labour Code in respect of the identified breach of the Code where the measures set out in paragraph 3 are not sufficient.

6) The employee concerned may file reasoned objections against the Committee's decision within 15 days of delivery, which shall be decided by the Bank Board, unless they are fully satisfied by the Committee. The filed objections shall not have suspensory effect, unless the Committee decides otherwise, also on a proposal from the employee concerned.

## Article 28

### Advisory role of the Committee

1) Unless the Code stipulates otherwise, the Committee shall provide advice to the Bank Board and superiors when assessing conflicts of interest and other cases of compliance with the Code. This shall be without prejudice to the support of the General Secretariat in this area (Article 29).

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2) An employee shall first consult the issues pursuant to paragraph 1 with a superior. An employee is entitled to directly contact the Committee if he/she provably believes that the superior is in a conflict of interest in the matter, or if he/she does not agree with the written observations by the superior regarding the matter.

## Article 29

### Support by the General Secretariat

1) The General Secretariat shall fulfil a methodological, interpretative, monitoring and advisory role in respect of the Bank Board, the Committee and organisational units as regards the rules set out in the Code. The General Secretariat shall fulfil an informal methodological and interpretative role in respect of individual employees in relation to the Code and the Committee's activities. The Secretary shall refer complex or serious cases to the Committee.

2) The General Secretariat shall manage the Register in cooperation with the Human Resources Department and monitor or enforce, in cooperation with superiors, compliance with the information duties related to the Register. If a notification made by an employee or other information about the employee in the Register gives rise to the risk of conflicts of interest to which the CNB should respond, the Secretary shall refer the matter to the Committee.

3) The General Secretariat shall lay down in a methodology sheet the requisite and form of the affidavit pursuant to Article 13(2)(f), the notification pursuant to Articles 23 and 24a and compliance with other information duties pursuant to the Code.

## PART FIVE

### COMMON, TRANSITIONAL AND FINAL PROVISIONS

## Article 30

### Common provisions

1) Should any person learn about facts which point to a breach of the Code, he/she can notify the Committee in this matter; this shall be without prejudice to the support of the General Secretariat in this area (see Article 29). The employee may first consult his/her superior about such matters, unless prevented from doing so by the risk of a conflict of interest of the superior or other reasons worthy of consideration.

2) The notifying person shall not be affected or disadvantaged in any way for having made the notification regarding a breach of the Code in good faith.

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3) An employee shall make submissions and address his/her enquiries to the Committee, preferably electronically, to the internal e-mail address at “+Etická komise”, which has been set up for this purpose. The Committee shall communicate with the employee preferably by e-mail; a decision or any other action taken by the Committee in respect of an employee sent by e-mail shall be deemed to have been delivered as of the date of delivery to the employee’s work e-mail inbox.

4) If the employee’s superior is the executive director of the department, the employee shall communicate with him/her in line with this Code at all times through an immediately superior director of a division, the director of a branch or a deputy executive director of a department, who shall provide the executive director of the department with his/her position on the matter.

5) In order to assess the limits on transactions and other consideration denominated in foreign currency set out in the Code, the CNB’s middle exchange rate valid for the foreign currency as of the decisive date shall be applied; where the record date cannot be identified from the relevant provision of the Code, it shall be the date on which the employee acquired the asset in question.

6) A breach of an employee’s duty in line with the Code shall be a breach of Article 50(6) of the Act on the Czech National Bank and shall be deemed a breach of a duty arising from the legislation applicable to the work performed by the employee pursuant to the Labour Code.

7) Employees’ duties in line with the Code, which are relevant due to their nature, especially the duties relating to the prevention of conflicts of interest and the protection of non-public information, shall apply appropriately even after the employment relationship between an employee and the CNB is terminated. This notwithstanding, a former employee shall no longer be subject to the duties relating to his/her entry in the Register.

## **Article 31**

### **Transitional provisions**

1) The employee shall bring his/her situation into line with the Code no later than 2 months from the effective date of the Code and by 31 July 2022 in respect of Article 12.

2) The General Secretariat shall enter all employees referred to in Article 21(1) and (2)(a) into the Register within 15 days from the effective date of the Code. Superiors of employees other than those referred to in Article 21(2)(a) shall comply with the duty referred to in Article 21(2) for the employees managed by him/her no later than within one month from the effective date of the Code.

3) The term of office of the previous members of the Committee shall end in compliance with the Code of Ethics of the Czech National Bank, approved by the Bank Board on 2 August 2007, as amended by Amendments Nos. 1 through 10.

4) Notifications made to the Committee in compliance with the Code of Ethics of the Czech National Bank, approved by the Bank Board on 2 August 2007, as amended by Amendments Nos. 1 through 10, on which the Committee or the Bank Board had not decided before the effective date of the Code, shall be assessed in compliance with the Code of Ethics of the Czech National Bank, approved by the Bank Board on 2 August 2007, as amended by Amendments Nos. 1 through 10, unless the application of the Code is more favourable for employees. This shall apply *mutatis mutandis* to not reported transactions concluded prior to the effective date of this Code.

## Article 32

### Final provisions

- 1) The Code of Ethics, approved by the Bank Board on 2 August 2007, as amended by Amendments Nos. 1 through 10, shall be repealed.
- 2) The Bank Board approved the Code at its meeting on 27 October 2021.
- 3) The Code shall take effect on 1 January 2022.

Governor  
Jiří Rusnok

## Annex

### Rules for trading in investment instruments by employees with access to price-setting, supervisory or business information

#### I. Introductory provisions

(1) The rules set forth in this Annex shall not apply to employees other than those with access to price-setting, supervisory or business information.

(2) Other duties of employees under the Code, in particular the protection of information (Article 9) and the prohibition on the use of price-setting information (Article 10(2)), are not without prejudice to this Annex.

(3) Unless stated otherwise, for the purpose of this Annex, an **employee** shall mean an employee with access to price-setting, supervisory or business information.

#### II. Prohibited transactions

(1) An employee with access to price-setting information is not permitted to trade in

a) government bonds<sup>18</sup>,

b) investment securities<sup>19</sup>,

(i) the issuance or public offering of which in the Czech Republic is subject to a decision from the CNB, or

(ii) which were admitted to trading on a regulated market in the Czech Republic or in a multilateral trading facility operated by a supervised entity if its issuer has selected the Czech Republic as the reference state<sup>20</sup>,

c) securities representing an interest in a qualified investors' investment fund, if the value of the security is largely derived from the price of the security pursuant to (a) or (b), the exchange rate of the koruna against other currencies or interest rates announced by the CNB, or

d) derivatives<sup>21</sup> whose value is largely derived from the price of the security pursuant to (a) to (c), the exchange rate of the koruna against other currencies or from the interest rates announced by the CNB.

<sup>18</sup> Article 25(1) of Act No 190/2004 Coll., on Bonds, as amended.

<sup>19</sup> Article 3(2) of the Capital Market Undertakings Act.

<sup>20</sup> Article 123(1) of the Capital Market Undertakings Act.

<sup>21</sup> Article 3(1)(d) to (k) of the Capital Market Undertakings Act.

(2) An employee with access to supervisory information is not permitted to trade in

- a) investment securities or a security representing a share in the assets of a fund for qualified investors, which was issued by a supervised entity or a member of its group, or
- b) derivatives whose value is derived from the price of this security.

(3) An employee with access to supervisory information who is not entered in the Register based on the measures set out in Article 21(5) is not permitted to trade in

- a) investment securities or a security representing a share in the assets of a fund for qualified investors, which was issued by a supervised entity to which the supervisory information relates, or a member of its group, or
- b) derivatives whose value is derived from the price of such security or to which the supervisory information relates.

Paragraph 2 shall not apply in this case.

(4) An employee with access to business information is not permitted to trade in

- a) investment securities issued by a business partner or a member of its group, or
- b) derivatives whose value is derived from the price of such investment security.

### **III. Exemptions from the prohibition of trading**

(1) The following transactions shall not be subject *ipso facto* to the prohibition under Article II hereof:

- a) trading in state saving bonds to the public.
- b) trading in securities of collective investment funds<sup>22</sup>,
- c) trading on an employee's account on the basis of instructions of a third person in line with a asset-management or similar contract ensuring that the employee has no influence on entering trading orders and the employee does not provide the third party with any information relating to such transactions.

(2) Employees shall be prohibited from leveraged transactions and speculative derivative transactions at all times; Article IV(1)(a) of this Annex cannot be applied to these instruments.

### **IV. Notifications of executed transactions**

(1) An employee may execute a transaction which is otherwise forbidden pursuant to this Annex if he/she subsequently notifies the Committee thereof and it concerns

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<sup>22</sup> Articles 92(2) and 94 of Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended.



- a) a transaction or transactions in a simple investment instrument,<sup>23</sup> where the total exercise value of such transaction(s) does not exceed CZK 200,000 for any period of 90 consecutive days,
- b) a transaction which is due to an employee's existing rights to an investment instrument common to holders of such instruments, which may or shall be exercised on the basis of external circumstances beyond the control of the employee, in particular acceptance of a takeover bid, acceptance of a public offer to purchase or exchange participating securities, a subscription for shares using the preferential right in the event of a capital increase, or an exchange of a security for another,
- c) the sale of an investment instrument acquired by an employee before he/she became subject to the prohibition pursuant to Article II hereof, or
- d) the sale of an investment instrument acquired by an employee other than by purchase, or exchange, especially by passage of ownership as part of an inheritance settlement or by donation.

(2) An employee shall state the reason for the transaction pursuant to (1)(a) to (d) in the notification and prove the conditions of the transaction(s) (in particular the counterparty, the subject of the transaction, the time of the transaction, or the settlement and its amount; where the sale of an investment instrument is being notified, the conditions of its acquisition shall also be proved). The employee shall make the notification within five working days of the execution of the transaction; if there are multiple transactions pursuant to (1)(a), he/she may also report all the transactions executed in the past 90 days at once, within five working days of the execution of the last such transaction. If compliance with the notification duty within this period is impossible or significantly more difficult for the employee for a justifiable reason, he/she shall comply with the duty no later than five working days from the removal of the obstacle, stating the reason for the delay.

## **V. Prior consent to transactions**

(1) An employee may exceptionally sell an investment instrument which is otherwise prohibited pursuant to this Annex if granted prior consent of the Committee and there are serious reasons for the transaction, in particular a significant deterioration of the financial or personal situation of the employee or his/her family requiring the immediate acquisition of funds.

(2) The employee's application for prior consent shall state the intended instrument, the amount and other conditions of the transaction, and shall also prove the conditions of the acquisition of the investment instrument in question, the serious reasons for its sale, including a justification why, in his/her opinion, there can be no conflict of interest or misuse of non-public information. If the

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<sup>23</sup> Article 15k(3) of the Capital Market Undertakings Act.

application is incomplete or the serious reasons are not sufficiently stated or substantiated, the Committee shall call on the employee to supplement it within 15 days of delivery of the application.

(3) Where the Committee comes to the conclusion that the execution of the transaction would be in contravention of the Code or there are no serious reasons, it shall decide not to grant consent to the execution of the transaction, otherwise it shall grant its consent. Where the Committee's decision or call pursuant to paragraph 2 are not delivered to the employee within 15 days of delivery of the application or its latest supplement, consent is presumed to have been granted.

(4) The employee shall notify the Committee and prove to the Committee the execution of the transaction for which the Committee's prior consent was granted. He/she shall prove the conditions of the transaction in the notification (in particular the counterparty, the subject of the transaction, the time of the transaction, or the settlement and its amount). He/she shall make the notification within 5 working days of the execution of the transaction; if the employee does not execute the transaction within 15 working days of the granting of consent pursuant to paragraph 3, he/she shall notify the Committee thereof within that period and state the reasons for not having executed the transaction. If compliance with the notification duty within this period in line with the previous sentence is impossible or significantly more difficult for the employee for a justifiable reason, he/she shall comply with the duty no later than five working days from the removal of the obstacle, stating the reason for the delay.

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