



NORDIC  
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# Prevention of Market Abuse Policy

Adopted by the Board of Directors of the Nordic Investment Bank  
on 10 June 2021 with entry into force as of 16 June 2021



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Adopted by	Board of Directors
Entry into force	16 June 2021
Version and adoption date	Version 2 adopted on 10 June 2021
Document ownership	Integrity & Compliance function
Implementation responsibility	Lending and Treasury functions
Control responsibility	Integrity & Compliance function
Review cycle	At least every three years or whenever appropriate following the introduction of a new product or activity by Lending or Treasury
Replaced document	Policy on handling Inside Information and prevention of Market Abuse of 15 December 2017

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## Definitions

**“Financial Instruments”** means all types of securities, including but not limited to: shares, notes, bonds or other publicly issued debt instruments, options, futures and other derivative instruments that have been admitted to trading on a regulated market, or for which a request for admission to trading on a regulated market has been made.

**“Inside Information”** means information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more Issuers or to one or more Financial Instruments, and which, if it were made public, would be likely to have a significant effect on the price of those Financial Instruments or on the price of related derivative Financial Instruments.

**“Insider(s)”** means a recipient of Inside Information.

**“Insider Lists”** means a list of NIB Staff Members that are Insiders.

**“Insider Dealing”** arises where a person possesses Inside Information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, Financial Instruments to which that information relates. The essential characteristic of Insider Dealing consists in an unfair advantage being obtained from Inside Information for the detriment of third parties who are unaware of such information, and consequently, undermines the integrity of financial markets and investor confidence.

**“Issuer”** means a legal entity governed by private or public law, which issues or proposes to issue Financial Instruments.

**“Market Abuse”** means unlawful behaviour in the financial markets and, for the purpose of this Policy, consist of Insider Dealing, unlawful disclosure of Inside Information and Market Manipulation.

**“Market Manipulation”** means an act with the intent to improperly influence, directly or indirectly, the price of a financial instrument, or otherwise influencing the behaviour of the market for one’s own account or for the account of a third party. Market manipulation may also consist in disseminating false or misleading information.

**“Market Sounding”** means interaction(s) between a seller of financial instruments and one or more potential investors, prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction and its pricing, size and structuring. Market soundings could involve an initial or secondary offer of relevant securities and are distinct from ordinary trading. Market soundings may be carried out by: (a) an issuer; (b) a secondary offeror of a financial instrument, in such quantity or value that the transaction is distinct from ordinary trading and involves a selling method based on the prior assessment of potential interest from potential investors; (c) an emission allowance market participant; or (d) a third party acting on behalf or on the account of a person referred to in point (a), (b) or (c).

**“Registrar”** means a designated NIB Staff Member responsible for establishing and managing an Insider List.

“**Staff Member**” means, for the purpose of this Policy, all categories of NIB employees, regardless of their form of contract, including consultants and other types of contractual employees, as well as the President and the Board of Directors.

“**Transaction Team(s)**” consist of representatives of NIB’s Lending or Treasury & Finance department, Legal department and Sustainability and Mandate unit, and are responsible for processing a specific lending or treasury transactions at NIB.

“**Unlawful Disclosure**” arises where a person possesses Inside Information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, profession or duties.

# PREVENTION OF MARKET ABUSE POLICY

## 1 SCOPE AND OBJECTIVE

This Prevention of Market Abuse Policy (“**Policy**”) outlines the Nordic Investment Bank’s (“**NIB**”) commitment to the prevention of Market Abuse and the measures taken to ensure that NIB adheres to appropriate standards in this respect.

Market Abuse encompasses unlawful behaviour in the financial markets, and, for the purpose of this Policy, consists of Insider Dealing, unlawful disclosure of Inside Information and Market Manipulation. Market Abuse defeats full and proper market transparency, which is a prerequisite for trading for all economic actors in integrated financial markets.

While Market Abuse primarily relates to NIB’s Lending and Treasury operations, this Policy covers all of NIB’s activities. The Policy is applicable to all NIB Staff Members and survives the end of the employment relationship between NIB and the Staff Member until any Inside Information received during the course of employment is made public.

In addition to this Policy, guidance for handling Inside Information is provided in the Rules for Handling Inside Information and Market Soundings<sup>1</sup>.

## 2 COMMITMENT TO THE PREVENTION OF MARKET ABUSE

Integrated, efficient, and transparent financial markets are crucial for the sustainable growth of the Nordic–Baltic region. NIB is committed to the integrity of markets and to preventing Market Abuse in all of NIB’s activities and operations to maintain high ethical standards and to support fair trading practices and equal access for all market participants.

Further, NIB’s member countries<sup>2</sup> and the European Union (“**EU**”) have adopted laws and regulations regarding Market Abuse and the management of Inside Information and Market Soundings. This Policy is aligned with current EU regulation<sup>3</sup>.

## 3 ROLES AND RESPONSIBILITIES

The roles and responsibilities with respect to prevention of Market Abuse are as follows:

- All Staff Members

All Staff Members must be aware of the rules and prohibitions regarding Market Abuse and are required to manage Inside Information and Market Soundings in accordance with this Policy and the Rules for Handling Inside Information and Market Soundings.

- Head of Treasury & Finance and Head of Lending

The Heads of the Lending and Treasury functions are responsible for ensuring that this Policy is appropriately implemented within their respective departments.

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<sup>1</sup> Document available only internally.

<sup>2</sup> NIB is an international organisation owned by its member countries Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.

<sup>3</sup> “Regulation (EU) No 596/2014 of the European Parliament and of the Council”, that establishes a common regulatory framework on Insider Dealing, the unlawful disclosure of Inside Information and market manipulation (Market Abuse).

- Transaction Teams

The Transaction Teams are responsible for identifying and safeguarding any Inside Information they may receive or handle in the course of their activities and operations.

- Registrar

The Registrar is responsible for establishing, updating, closing and storing Insider Lists in accordance with this Policy and the Rules for Handling Inside Information and Market Soundings.

- Integrity & Compliance Office

The Integrity & Compliance Office shall oversee compliance with this Policy and provide training for Staff Members on matters relating to Inside Information and Market Abuse.

In case of investigations carried out by national authorities, the Integrity & Compliance Office shall act as NIB's point of contact with the national authority.

## 4 PROHIBITIONS OF INSIDER DEALING AND UNLAWFUL DISCLOSURE

In line with the EU's Market Abuse Regulation No 596/2014, it is prohibited for Staff Members to:

- (i) engage or attempt to engage in Insider Dealing;
- (ii) recommend or induce another person to engage in Insider Dealing; or
- (iii) unlawfully disclose Inside Information.

These prohibitions apply to all Staff Members, regardless of how they have received or become aware of the Inside Information, and whether or not the Inside Information relates to NIB as an Issuer of Financial Instruments, investor in Financial Instruments, or as a lender. These prohibitions survive the end of the employment relationship between NIB and the Staff Member until any Inside Information received during the course of employment is made public.

At an institutional level, NIB shall consider itself to be in possession of Inside Information once the information is held by any one Staff Member, as NIB does not have permanent information barriers between business lines or teams. NIB will not trade in any financial instruments issued by a counterparty whilst NIB is in the possession of Inside Information concerning that counterparty.

Failure to adhere to this Policy may constitute misconduct, as defined in the Staff Regulations and related policies. Further, the unlawful use of Inside Information may constitute a criminal offence under the national laws of NIB's member countries.

## 5 INSIDE INFORMATION

Inside Information is material, non-public information of a precise nature about a listed company or an Issuer of Financial Instruments that, if it were made public, would likely have a significant effect on the price of the Financial Instruments or related derivative Financial Instruments.

Information is assumed to have a "**significant effect on the price**" if a "**reasonable investor**" would be likely to take it into account as part of an investment decision.

"**Information of a precise nature**" indicates that the information is specific enough to draw a conclusion as to how it would affect the value of a Financial Instrument.

Inside Information related to a counterparty of NIB may include, but is not limited to, unpublished financial information, information on planned acquisitions, mergers, demergers, announcement of dividends, significant financial losses, new product launches, new contracts or share splits.

Inside Information related to NIB itself may include, but is not limited to, changes in NIB's credit rating, material financial loss(es), loss of member country support, extensive buybacks of NIB's own bonds before maturity, or any other change that could reasonably be foreseen to impact NIB as an Issuer of Financial Instruments.

## 5.1 Use of Insider Lists

To assist in the proper management of Inside Information, NIB shall establish Insider Lists to catalogue any and all Staff Members who are in possession of Inside Information. These Insider Lists are managed by the Registrar, who is responsible for collecting the names and details of all recipients of Inside Information and informing the registered Insiders of their responsibilities.

There are **Deal-specific Insider Lists**, which relate to a Lending or Treasury transaction NIB is processing; and **Event-based Insider Lists**, which relate to any event within NIB that results in the existence of Inside Information. Insider Lists may be established at the request of a counterparty, or on NIB's own initiative. Such Lists are not permanent in nature and are established only for the period the information in question is Inside Information.

In addition, NIB may maintain **Permanent Insider Lists** for certain functions within NIB, who, by virtue of their roles and tasks, have access to Inside Information on a regular basis. However, Permanent Insider Lists do not act as a substitute for Deal-specific or Event-based Insider Lists.

The Integrity & Compliance Office shall be informed of the creation and closing of any Insider List.

## 5.2 Inside Information related to NIB's counterparties

### 5.2.1 General

In the course of their activities, NIB's Lending and Treasury functions may receive Inside Information about a counterparty of NIB, or about NIB as an Issuer of or investor in Financial Instruments.

The Staff Members of these key operational functions are responsible for identifying and safeguarding Inside Information in accordance with this Policy as well as the Rules for Handling Inside Information and Market Soundings. This includes the establishment of Deal-specific Insider Lists upon receipt of Inside Information. Inside Information may only be shared on a strict "need to know" basis with those persons who require the information for the performance of their work tasks.

### 5.2.2 Lending activities

NIB's Lending Transaction Teams may receive Inside Information during the initial due diligence when processing a loan proposal or during the portfolio stages.

Once it is confirmed that Inside Information is held, the primary Banker for that transaction is responsible to ensure the Inside Information is properly stored and managed.

The number of people participating in the processing of a transaction where Inside Information is involved shall be kept to a minimum. The transaction shall not be discussed with persons who are not registered on the Insider List. All documentation containing Inside Information shall be classified as Inside Information.

Once the information in question is no longer Inside Information, it will be reclassified in coordination with the Lending counterparty, and the Insider List shall be closed.

### **5.2.3 Balance Sheet Management unit**

The Balance Sheet Management unit invests on NIB's own account in fixed and floating rate instruments issued by frequent Issuers and by sovereigns, supranationals and agencies, as well as in corporate bonds issued by both listed and non-listed entities. Some of these entities may be existing or future borrowers of NIB.

Trades shall be conducted in accordance with the Treasury Trading Rules. Prior to executing a trade in a corporate bond or commercial paper, the Balance Sheet Management unit shall obtain a no-objection from Lending in accordance with the Instructions for a Request for No Objection to Trade for Treasury Corporate Bond Trades.

### **5.2.4 Funding & Investor Relations unit**

NIB is part of the Issuer category of sovereigns, supranationals and agencies. NIB is considered a frequent Issuer of bonds. NIB executes its funding operations within pre-determined public funding plans.

Trades shall be conducted in accordance with the Treasury Trading Rules.

## **5.3 NIB-related market sensitive information**

As an Issuer of Financial Instruments, NIB shall disclose market-sensitive information concerning itself without undue delay.

NIB may delay the publication of market sensitive information only where there is a legitimate interest<sup>4</sup> to do so, provided that the delay could not be expected to mislead the public. The delayed information shall be disseminated to the market when the information ceases to be Inside Information.

In the normal course of business, NIB shall treat its annual and interim financial results as strictly confidential. However, the results shall be treated as Inside Information if the results may have a material effect on the price of the instruments issued by NIB. When required, an Event-based Insider List shall be established also for this purpose.

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<sup>4</sup> Legitimate interests are:

- a) the Issuer is conducting negotiations, where the outcome of such negotiations would likely be jeopardised by immediate public disclosure;
- b) the financial viability of the Issuer is in grave and imminent danger;
- c) the information relates to decisions taken or contracts entered into by the management body of an Issuer which need, pursuant to the Issuer's bylaws, the approval of another body of the Issuer, in order to become effective, provided that:
  - i) immediate public disclosure of that information before such a definitive decision would jeopardise the correct assessment of the information by the public; and
  - ii) the Issuer arranged for the definitive decision to be taken as soon as possible;
- d) a transaction previously announced is subject to a regulatory body's approval, and such approval is conditional upon additional requirements, where the immediate disclosure of those requirements will likely affect the ability for the Issuer to meet them and therefore prevent the final success of the deal or transaction.

## **6 MARKET SOUNDINGS**

Market Soundings are interactions between a seller of financial instruments and one or more potential investors, prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction and its pricing, size and structuring. The seller of the financial instrument discloses information in the course of the market sounding, acting as the disclosing market participant, whereas the potential investors receiving the information are Market Soundings recipients.

NIB will not act as a disclosing market participant. Further, NIB will refrain from acting as a Market Soundings recipient, unless authorised by the President in the Rules on Handling Inside Information and Market Soundings.

Whenever the Treasury function is requested to partake in a market sounding, the involved Staff Member may only act as a Market Soundings recipient when using NIB-approved, recorded communication channels. NIB shall comply with the instructions of the disclosing market participant and ensure that any possible Inside Information received is handled properly.

If considered necessary, the President may, in consultation with the Integrity & Compliance Office, issue additional internal instructions concerning Market Soundings.

## **7 REQUESTS BY NATIONAL AUTHORITIES**

NIB will consider any request for information from national authorities to support investigations of financial or criminal matters, subject to the Board of Directors' waiving the immunities and privileges conferred under the Membership Agreement in accordance with Article 14 of the Membership Agreement. National authorities may include financial supervisory authorities, judicial and economic crime authorities, among others.

The Integrity & Compliance Office shall act as NIB's point of contact with the national authority.

## **8 RECORD KEEPING**

All records related to Inside Information, including Insider Lists and recordings of Market Soundings, shall be stored for at least five (5) years in a NIB-approved location.