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## **Policy on handling Inside Information and prevention of Market Abuse**

Adopted by the Board of Directors on 11 December 2017  
with entry into force as of 15 December 2017



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## 1 Introduction

The purpose of this Policy on handling Inside Information and preventing Market Abuse (Policy) is to ensure that NIB adheres to appropriate standards when handling inside information and preventing markets manipulation. The Policy complies with the principles set out in current EU regulation<sup>1</sup>.

This Policy covers all of the Bank's operations.

Under national laws in NIB's member countries it is a criminal offence to unlawfully disclose Inside Information or to engage in Insider Trading.

The [Code of Conduct for the Staff](#) contains rules with regard to Inside Information and rules for trading in financial instruments. NIB Staff is not allowed to trade in any financial instruments issued by NIB and have restrictions on trading in financial instruments issued by other issuers as defined in NIB's [Code of Conduct for Staff](#).

Not adhering to the requirements stipulated in this Policy by a Staff member of the Bank may constitute misconduct as defined in the [Code of Conduct for Staff](#) and in the [Investigation and Enforcement Policy](#).

## 2 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.

**"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 all persons holding Inside Information.

**"Insider List"** means a list of NIB Staff members that are Insiders.

**"Insider Trading"** Insider trading means buying or selling financial instruments to which one has Inside Information.

**"Issuer"** means a legal entity governed by private or public law, which issues or proposes to issue financial instruments.

**"Market Sounding"** Market soundings are interactions between a seller of instruments and investor(s), prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction and the conditions relating to it, such as its potential size or pricing, to one or more potential investors 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)

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<sup>1</sup> "Regulations (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).

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 Staff member who has been designated by the General Counsel to keep and update The Insider List(s).

**“Staff member”** For the purposes of this Policy “Staff member” means all categories of employees regardless of their form of contract, including consultants and other types of contractual employees, and the President and the members of the Board of Directors.

### **3 General information on inside information**

#### **3.1 Basic rule**

A Staff Member may receive Inside Information related to NIB as an issuer of or investor in Financial Instruments. Staff Members may also receive Inside Information relating to Issuers that are NIB's borrowers or other counterparties of NIB.

In all cases, including the above, it is prohibited for a Staff Member to:

- (a) engage or attempt to engage in Insider Trading;
- (b) advise another person to engage in Insider Trading;
- (c) unlawfully disclose Inside Information to any person.

The prohibition against abuse of Inside Information applies to anybody who possesses Inside Information, regardless of how they have received or become aware of such information (i.e. regardless of whether or not the person has been added to an Insider List) and whether or not it relates to NIB as an Issuer of Financial Instruments, investor in Financial Instruments or as a lender. The prohibitions listed above survive the termination or ending of the employment relationship between the Bank and a Staff member until the Inside Information has been made public. Therefore, each staff member must be aware of the basic rules regarding Insider Trading, and must know what to do if s/he would come into possession of Inside Information.

In accordance with the Bank's [Code of Conduct for Staff](#), it is prohibited to utilize Insider Information for personal enrichment. The [Code of Conduct for Staff](#) also covers conflict of interest situations. For more information, see the [Code of Conduct for Staff](#).

#### **3.2 Insider lists**

In order to ensure that the management of Inside Information is systematized, NIB shall establish Insider Lists to catalogue Staff members that are in possession of Inside Information. Such lists shall be established only for the period the relevant information is Inside Information and shall not be permanent in nature.

There are Deal-specific or event based insiders. Deal-specific Insiders relate to a loan that the Bank is preparing and an event based Insider List relate to any event in lending, treasury or in managing the Bank that results in the existence of Inside Information. All situations are hereafter referred to as Deal-specific Insiders.

Deal specific Insider Lists related to NIB's borrowers, treasury operations and NIB as an issuer are maintained by a staff member, the Registrar (“Registrar”), designated by the General Counsel. All Staff members coming into possession of Inside Information are required to ensure that the

Registrar is informed both as to the fact that Inside Information has come into the possession of that Staff member and promptly upon such information ceasing to be Inside Information.

Deal-specific Insiders, in relation to Inside Information received from an Issuer who is a borrower or trading partner of NIB, are persons who have received Inside Information e.g. in connection with the processing of a lending transaction. In such cases the Issuer is usually required under applicable legislation to request that NIB sets up a Deal Specific Insider List. All persons involved in the processing of the transaction shall be entered into the Deal-specific Insider List of persons who have received the Deal-specific information. This list shall also include the exact date and time of the receipt of the Deal-specific information. An example of such a situation could be a planned acquisition, merger, demerger or share split involving one of NIB's borrowers. As NIB's loan documentation usually requires NIB's consent for the transaction, the borrower may wish to seek such consent before the information is made public.

An example of Deal-specific insider list on the treasury side is when a company or a counterpart, is planning to issue a Financial Instrument and is conducting a Market Sounding, see Section 5 for more details, or in certain circumstances when the Bank is buying back its own bonds before maturity.

### **3.3 Prohibition to buy Financial Instruments**

NIB's lending operations shall not involve purchase of any Financial Instruments issued by an Issuer that has provided NIB with Inside Information and/or requested NIB to establish an Insider List, unless as a part of a restructuring.

## **4 Lending Operations (Credit Process)**

### **4.1 General information**

Deal specific Insider Lists relating to NIB's borrowers are as a rule established by NIB in accordance with the requests and instructions received from the borrowers. This may also apply to issuers of green bonds that NIB's Lending department is considering to buy.

A publicly listed company has a legal obligation to ensure that Inside Information disclosed to its financiers, such as NIB, is not unlawfully disclosed before the market is informed and that all involved entities catalogue the individuals who have or have had access to the Inside Information. Borrowers who are publicly listed companies or issuers of financial instruments should not disclose Inside Information without requiring that NIB sets up a Deal-specific Insider List with a code name for the transaction that is classified as Inside Information.

An Insider List may also be established on NIB's own initiative, would it be deemed that NIB is in the possession of Insider Information.

When a Borrower informs its contact person at NIB that the information to be received or that is received constitutes Inside Information, NIB shall immediately establish a Deal-specific Insider List and add all staff members who are involved in the processing of the transaction to whom the Inside Information is made available.

Each person who is registered as a recipient of Inside Information is responsible for ensuring that all persons to whom the Inside Information is disclosed are added to the Insider List or that the recipient is registered on the list before sharing the Inside Information.

The number of people involved in processing a transaction where Inside Information is disclosed shall be kept to a minimum. The existence of the transactions shall not be disclosed to persons who are not registered on the Deal-specific Insider list.

## **4.2 Managing Insider lists**

If a borrower has requested NIB to establish a Deal-specific Insider List, the person who has received the request shall contact the Registrar who shall establish a Deal Specific Insider List as instructed by the borrower.

The names of all persons who have received Deal-specific Inside Information related to the processing of the transaction shall be listed together with the date and time when the information has been disclosed to the person. The person responsible for the contact with the borrower (usually the Originator) shall be responsible for notifying the borrower that all communication regarding the Insider List is to be sent only to the Originator who will distribute the Inside Information to persons entered into the Insider List. The Registrar shall also be added to the Deal-specific Insider Lists.

The Deal-specific insider list shall contain at least the following information:

- Code name of the Deal-specific Inside Information;
- Date and time of creation of the Insider List and initially requested by whom;
- Name of borrower and person(s) submitting the Inside Information;
- Date and time of last update;
- First name, surname and date of birth of the Insider(s);
- The Insider(s) professional telephone number, company name and email address;
- Time, date, month and year as well as time zone when the individual obtained the Inside Information; and
- Time, date, month and year as well as time zone when the Inside Information became public and ceased to be Inside Information.

The Insider List shall be kept confidential and a codename shall be used for each transaction. One borrower may over time have several different transactions each having a separate code name. The code name relates to the project/deal that the Inside Information relates to and it is not a general code name for the borrower. The Registrar must make all entries in the Insider List without undue delay. The Insider List must be maintained so that the contents and entries can be verified at a later stage and stored for at least five years. Only the Registrar may make entries to the Insider List.

Those registered in the Deal-specific Insider List shall be notified in writing that they have been entered into the Insider List and informed of their obligations that arise as a result of such registration. The recipient is requested to acknowledge his/her receipt of the notice and his/her status as an Insider.

The Registrar shall follow up on the status of Insider Lists every three months until the list is closed by consulting the Staff member who initiated the Insider List.

## **4.3 Practical considerations**

All transaction documents related to the processing of a transaction including Inside Information may not be circulated, filed or in any other way be accessible to persons who are not on the Deal Specific Insider List. The information shall be transferred through channels with access restricted to persons who have been entered into the Insider List. The documents shall have a clear text

stating that the document may not be circulated to any person who is not on the Deal Specific Insider List.

All printed information must be stored at a secure place so that others than those who have been included in the Insider List cannot access it.

Reference to the transaction may only be made by using the code name. The borrower's name may not be mentioned in relation to the transaction.

An Insider List may be terminated by NIB once the Bank has received notice from the borrower that the Insider List can be closed. All staff on an Insider List shall be notified in writing (email message) of the termination of the Insider List by the Registrar, and the Insider List will be archived in accordance with Section 9. The transaction team members are responsible for the archiving of the information in the Bank's conventional databases when the information is no longer Inside Information.

#### **4.4 Inside Information distributed to the Board of Directors**

If Inside Information relating to a borrower or an issuer of financial instruments is shared with the Board of Directors, the members of the Board who receive the Inside Information shall be added to the Deal-specific Insider List. The President and the General Counsel shall agree on the distribution of Inside Information to the Board members, and the Registrar shall include those Board members who receive Insider Information to the Insider List. A Board member who receives Inside Information shall not disclose the Inside Information. If, however, a Board member would need to share the Inside Information with a third person to fulfil his/her duties, the Board member shall contact the President or the General Counsel and ask for the Inside Information to be communicated by the Bank to a designated person. That person will then be put on the InsiderList.

### **5 Treasury**

#### **5.1 General information**

When carrying out NIB's treasury operations the Bank and its staff may come into possession of Inside Information. It is not possible to list exhaustively all such situations due to the various activities of treasury, but the principles outlined in this Policy shall be applied to all the activities.

Staff members shall not disclose any information about the Bank that may be considered Inside Information or material non-public information.

##### **5.1.1 Market soundings**

Market soundings, as defined in Section 2, are interactions between a seller of financial instruments and investor(s), prior to the announcement of a transaction, in order to gauge the interest of potential investors. A Disclosing Market Participant ("DMP") could share information that may constitute Inside Information with the Market Sounding Recipient ("MSR"), which requires adherence to appropriate procedures to ensure market integrity.

Under normal circumstances, NIB does not act as a DMP. However, if that would be the case, NIB shall ensure that the MSR is aware that it is being Market sounded and it should handle the information in accordance with the principles of this Policy concerning prevention of market abuse, as further described in section 5.2.

As a rule, NIB has decided not to act as a MSR. Nevertheless, in cases of NIB being a MSR, NIB shall comply with the instructions of the DMP and ensure that NIB's decisions are recorded and

that any possible Inside Information is treated appropriately as further described in sub-sections 5.3.1 and 5.3.2.

The President in consultation with the Integrity & Compliance Office (ICO) may as required, issue detailed internal instructions concerning Market Sounding.

### **5.1.2 Market manipulation**

Market manipulation is one form of market abuse. The risks of market manipulation by NIB or its staff are considered low due to the Bank's small size, its strict trading limits and the approved types of treasury instruments that are monitored on a continuous basis by the Bank's Risk Management Unit. Furthermore, NIB does not trade in financial instruments on behalf of external clients, and only does it for its own account, which further reduces market manipulation risks.

Staff Members shall not engage in or attempt to engage in market manipulation. Trades may only be agreed over communication lines that are recorded by NIB. Such recordings shall be stored for at least five years. All necessary documentation shall be concluded without undue delay.

Spreading false or misleading information is prohibited.

## **5.2 NIB as an issuer**

NIB shall as an issuer disclose any material information concerning itself to the market without delay. In situations when the Bank is in possession of Insider Information concerning itself, the Bank shall follow procedures to ensure that such information is kept confidential within the Bank. NIB may delay the publication only where there is a Legitimate Interest<sup>2</sup> to delay the publication of information and provided that the delay would not be likely to mislead the public. The delayed information shall be disseminated to the market when the insider event has been closed or the information ceases to be Inside Information.

NIB is part of the issuer category of sovereigns, supranationals and agencies (SSA) and is considered a frequent issuer of bonds as the Bank is carrying out its funding operations within predetermined public funding plans. NIB's funding transactions are as a rule arranged by banks established in Best Practice Areas (BPA)<sup>3</sup> that are regulated and supervised by national Financial Supervision Authorities (FSAs). The Funding and Investor Relations unit of the Bank shall comply with the rules and principles in this Policy when presenting NIB on roadshows, for example by only disclosing information that is not deal- specific and that is already in the public domain.

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<sup>2</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 inside information relates to decisions taken or contracts entered into by the management body of an issuer which need, pursuant to national law or 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 public authority'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.

<sup>3</sup> What NIB considers to be a Best Practice Area (BPA) is determined by ICO based on the country assessments conducted by the Financial Action Task Force (FATF) and the Global Forum.



## 5.3 NIB as an investor

NIB's Portfolio Management and Asset & Liability Management units are mainly investing in fixed and floating rate instruments issued by frequent issuers and SSAs to which Market Sounding rules (ref. section 5.2) would normally not apply. NIB does not transact in equity or equity related instruments, for which market sounding rules would normally apply. **In this regard, as a general rule NIB has decided not to accept Market Soundings relating to any of its Treasury activities.**

Nonetheless, if NIB receives Market Sounding it shall adhere to the processes described in sub-sections 5.3.1 and 5.3.2.

### 5.3.1 Keeping record of Market soundings

- a. If, in spite of the general rule stated in Section 5.3 a NIB staff member(s) is contacted by a DMP, the NIB staff member(s) shall promptly inform the DMP that NIB does not wish to receive the deal specific Market Sounding or any future Market Sounding from the DMP.
- b. However, should the market sounding information still be received by the NIB staff member(s), the information shall be communicated internally only through pre-determined reporting channels established by Treasury be it Inside Information or not. Treasury shall document who the DMP is, when the information was received and who at NIB has, or has had access to the information.
- c. When the DMP has drawn up written minutes or notes of an unrecorded meeting or unrecorded telephone conversation in relation to a Market Sounding, the NIB staff member(s) who has received the Market Sounding shall, within five days, sign (or not) accepting the content of the minutes or note. If the NIB staff member(s) does not agree with the content of the minutes or note, s/he shall provide the DMP with his/her own version of the minutes or notes duly signed. A copy of the minutes or note shall be filed in accordance with section 9.

### 5.3.2 Keeping record of Market soundings where Insider Information is disclosed

- a. If the DMP informs NIB that the Market Sounding includes Inside Information, the NIB staff member(s) who has received the information shall treat the information as such and an Insider List shall be established in accordance with section 3.2. Regardless of the DMP's request or information, the Staff member(s) who has received the Market Sounding information shall independently assess whether the Market Sounding information includes Inside Information taking into consideration, as relevant, other information available to the Staff member(s), including information obtained through sources other than the DMP. The decision shall be documented and filed in accordance with section 9. If it is concluded that all the information available to NIB constitutes Inside Information, an Insider List shall be established in accordance with section 3.2.
- b. If the NIB Staff member is in possession of Inside Information because of Market Sounding, it shall identify all the issuers and financial instruments to which s/he believes the Inside Information relates. The finding shall be documented and filed in accordance with section 9.
- c. When the DMP notifies NIB that the information disclosed in the course of the Market Sounding is no longer Inside Information, the NIB staff member(s) who has received the information shall independently assess whether the information received still constitutes Inside Information taking into consideration, as relevant, other information obtained from sources other than the DMP. Upon this assessment, the staff member(s) can decide to terminate the Insider List and file his/her decision together with a copy of the Insider List in accordance with section 9.

## **6 Information relating to NIB's Financial Results**

### **6.1 General information**

Internal or external events may result in the requirement to establish an Insider List relating to NIB's operations and as an issuer. The event may relate to rating changes, material financial loss(es), loss of member state support, extensive buyback of own bonds<sup>4</sup>, financial information, or any other change that is reasonably foreseen to impact NIB as an Issuer.

To ensure investors' confidence in NIB, the Bank publishes all material information to the market without undue delay and in compliance with the Bank's [Public Information Policy](#). Information about NIB's annual and interim results would in normal cases not constitute Inside Information. As mentioned in section 5.2 NIB may delay the publication of Inside Information only where there is a Legitimate Interest<sup>5</sup> to do so, and provided that the delay would not be likely to mislead the public.

An Insider List including the team working on the particular matter shall be created and kept for the duration of the existence of Inside Information in line with Section 3.2. Upon the information ceasing to be Inside Information the staff member(s) in possession of that information shall notify the Registrar who shall terminate and store the relevant list and inform all those on that list that it has been terminated.

### **6.2 Rating Agencies and access to confidential information**

Rating agencies rate NIB's overall credit rating and for bond issuances that are emitted by NIB.

The rating may constitute Inside Information until the rating has been published by the credit rating agency or NIB. If the information constitutes Inside Information, NIB shall establish a Deal-specific Insider List. Information communicated to NIB about pending credit rating actions constitutes Inside Information until publicly disclosed.

Certain staff members are, based on their function in the Bank, designated to receive such information. When the rating has been completed by the rating agency, the disclosure of the rating shall be carried out in accordance with normal procedures on disseminating financial information about NIB.

## **7 Role of Compliance**

Staff Members may consult the Integrity & Compliance Office (ICO) in any Inside Information issue on a confidential basis. The ICO staff member shall be included on the Insider List, if s/he receives Inside Information.

ICO shall oversee that staff are trained in Inside Information, Insider Trading, market abuse and market manipulation matters. ICO shall regularly check that the rules described in this Policy are complied with by the relevant NIB departments.

In case of investigations carried out by national authorities, ICO shall be NIB's point of contact for the national authority.

## **8 Inspections by National Authorities**

National Authorities may carry out investigations concerning financial or criminal matters. In order to carry out such investigations, the investigating authority is entitled to obtain information

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<sup>4</sup> For more details regarding buybacks, please refer to NIB's [Buyback policy](#)

<sup>5</sup> See footnote 2.

concerning the contents of a project register and Insider Lists held by the Bank, subject to the Board of Directors' approval to lift the Bank's privileges and immunities.

National authorities may include financial supervisory authorities, judicial and economic crime authorities, and listing authorities, among others.

## **9 Record keeping**

All records in relation to Inside Information and record keeping shall be stored by NIB's Registrar in a secure place for at least five years.

## **10 Whistleblowing**

Staff members may use the channels stipulated in NIB's [Speaking-Up and Whistleblowing Policy](#) to report suspected breaches of Inside Information and Insider Trading rules.

## **11 Periodic Assessment**

ICO is responsible for this Policy, which shall be reviewed every three years or earlier if so requested by ICO, the President or the Board of Directors.

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