



**Andorran Banking**  
Excellence and trust

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# CODE OF ETHICS

Updated July 2022

Approved at the ABA General Assembly

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19 July 2022

*This is an update of the previous Code to bring it in line with the evolution of international regulations and standards.*

This Code of Ethics ("Code") comprises a set of principles for professional conduct applicable to Andorran banks and their subsidiaries located in Andorra ("institutions"). It is consistent with the Andorran legal framework and supplements the rule on the prevention of money laundering and terrorism financing, data protection, investor protection and tax transparency.

The purpose of the Code, which has been adopted voluntarily by all members of the Association of Andorran Banks ("ABA"), is to establish, in keeping with the prevailing regulatory framework at any given time, the standards of honesty, integrity, professionalism and confidentiality that must guide institutions in their relations with customers, third parties, supervisors and regulators.

Institutions shall be guided by the rules of conduct regulated in this Code and may adapt their respective codes of ethics or conduct accordingly, as well as their internal policies and procedures. The governing bodies of each institution are responsible for this commitment.

### Scope of application

The rules of conduct and ethical principles contained in this Code apply to ABA members.

To ensure compliance with this Code, institutions must adapt and/or update their internal policies and procedures based on the provisions contained herein.

Institutions must ensure that their staff are aware of and accept the Code, and that they uphold the values, principles and other provisions contained therein.

### Interpretation and revision

Any doubts or queries that ABA members may have regarding the interpretation of the contents of this Code may be forwarded by the members to the ABA Regulatory Compliance Committee ("Committee"), which will discuss and subsequently resolve them.

This Code is a living document and as such may, at the Committee's request, be revised in order to adapt it to the circumstances and best practices that are deemed appropriate at any time.

The Committee, whose members include the directors of the institutions' regulatory compliance areas, promotes and develops sector-specific initiatives for the sharing of best practices in the field of regulatory compliance.

### Entry into force

This Code will come into force on the date of its approval by the ABA General Assembly.

# The Code comprises nine fundamental principles

# PRINCIPLE 1

## HONESTY, OBJECTIVITY AND INTEGRITY

*Institutions must act with honesty, objectivity and integrity in their relations with customers and other professionals in the financial sector.*

### 1.1. Customer relations

In this Code, a customer is understood to be any natural person or legal entity with whom the Bank enters into a business relationship, including joint account holders, authorised representatives, authorised persons or any other type of intervening party. Effective beneficiaries are also included in this definition, where applicable according to the prevailing legislation.

#### Objectivity

1.1.1. In accordance with “know your customer” laws, the relationship between the Bank and its customers is established

*intuitu personae*, i.e., based on a customer’s inherent qualities and characteristics. The initiation of business relationships implies an assessment of each individual customer. Whilst customers are differentiated according to an institution’s sales policy and the legal requirements relating to tax obligations and the prevention of money laundering and terrorism financing and investor protection, institutions treat their customers without discrimination on the basis of birth, race, sex, origin, religion, opinion or any other personal or social condition.

#### Honesty and integrity

1.1.2. Institutions must ensure that employees act honestly and with objectivity, transparency and integrity in the best interest of their customers, depending on the type of service provided and a customer’s individual situation in order to provide the service that best suits a customer’s economic situation and understanding of the associated risks based on her/his financial capacity and education, providing her/him with the information necessary to help her/him make an informed decision.

1.1.3. They must ensure that employees fulfil their obligations in good faith.

### Transparency

1.1.4. Institutions must ensure that their customers receive information that describes transparently and in clear terms the service or product offered, the costs, the associated risks, and the complaint or claims procedure, including complaints to regulatory authorities, and that customers are informed in advance of any subsequent modification of the contractual conditions.

1.1.5. They must guarantee comprehensible and clear information on the risks and obligations assumed by customers.

### Impartiality

1.1.6. They must ensure that their customers are treated objectively.

1.1.7. They must take the steps necessary to avoid conflicts of interest and when such conflicts cannot be avoided they must inform their customers accordingly. They must have internal procedures in place to identify, assess and manage conflicts of interest.

1.1.8. They must ensure that complaints received from customers are handled diligently and objectively.

1.1.9. They must have efficient and transparent internal procedures in place to promptly process customer complaints. To that end, they must provide customers with clear and

detailed information on the steps to be taken to file a complaint and the procedure for processing complaints by keeping them up to date on the progress and status of any given complaint.

## 1.2. Relationships between institutions

**Institutions must be committed to respecting the rules of effective and fair competition.**

1.2.1. They must ensure that the publicity of their activities and the services they provide convey an image that is transparent, accurate, clear and not misleading.

1.2.2. They must not seek to distinguish themselves from their competitors by claiming qualities that are legally required for all professionals without distinction.

1.2.3. They must not make public comparisons that involve an explicit or implicit allusion to a competitor that is not based on objective facts.

1.2.4. They must not take advantage of a dominant position.

1.2.5. They must refrain from drawing customers away from a competitor for their own profit in a way that is contrary to good faith and fair competition.

# PRINCIPLE 2

## INTERNAL ORGANISATION AND PROFESSIONALISM

*Institutions must act with due diligence in the delivery of products and services. They must have the necessary skills, resources and procedures to carry out their activities.*

### 2.1. Adequate means

2.1.1. Institutions must ensure that the necessary procedures are in place to perform the tasks related to products and services purchased.

2.1.2. They must ensure that the necessary means are available to execute transactions based on the size and nature of their operations.

2.1.3. They must have appropriate procedures in place to monitor inactive accounts. In these cases, they must apply the principles of loyalty, good faith and diligence in the management of customers' assets.

2.1.4. They must establish adequate and effective controls of internal systems and procedures.

2.1.5. They must ensure the proper distribution of implementation and control responsibilities.

2.1.6. They must establish objective procedures for selecting service providers and those that perform operational functions.

### 2.2. Professionalism, integrity and honour of employees

2.2.1. Institutions must ensure that employees are treated with dignity and respect and that relations between employees are also based on respect, trust and mutual collaboration. In particular, they must guard against any sort of discriminatory behaviour.

2.2.2. They must establish hiring policies aimed at ensuring that all employees are honest and qualified. Where appropriate, they must take steps to check the information provided by applicants. They must promote diversity in their recruitment policies and avoid any type of discrimination.

2.2.3. They must have training plans in place to guarantee the perfection of professional and personal skills. They must ensure that employees have adequate knowledge of the products and services provided.

2.2.4. They must ensure the honesty of employees and the performance of their duties with the required level of care and due diligence.

2.2.5. They must raise awareness among the employees regarding the principles laid down in this Code in order to preserve the good reputation of the financial sector.

2.2.6. They must provide employees with sufficient information on the applicable legal, regulatory and ethical standards and offer training in these areas.

2.2.7. They must have policies in place regarding incentives, gifts, favours or advantages that may be given or received by an institution or its employees, including restrictions on amounts that may be received.

They must establish protocols for the ways in which their employees can report internal breaches through a special, independent channel, without fear of reprisals or discrimination.

2.2.8. They must have policies in place regarding the activities that employees can engage in outside the scope of their work. As such, they must identify and define the specific circumstances under which their employees or related persons perform management or administrative functions in third-party companies that are likely to create a conflict of interest.

2.2.9. They must establish a set of rules, with the appropriate control measures, for personal stock market transactions carried out by their executives or senior staff whose professional functions or responsibilities allow them to have access to the stock market.

## 2.3. Anti-corruption measures

2.3.1. Institutions must adopt measures to prevent fraud, corruption, bribery and any other illegal situation that could damage an institution, its customers, the Andorran financial system and society in general.

# PRINCIPLE 3

## CONFIDENTIALITY

*Institutions must respect the confidentiality and discretion of their customers and third parties.*

3.1. They must prohibit the disclosure of information obtained in the course of their commercial and professional activities, except as permitted or required by law.

3.2. They must ensure that their internal policies and procedures describe the duties of professional secrecy clearly and in detail.

3.3. They must respect privacy and protect sensitive or confidential information.

3.4. They must put the necessary systems in place to ensure the confidentiality and security of customer information held by an institution.

3.5. They must ensure that their employees are aware of their obligation to comply with the principles of confidentiality.

# PRINCIPLE 4

## PROTECTION OF PERSONAL DATA

*Institutions must faithfully and strictly uphold the rules and regulations on the protection of personal data in the performance of their functions.*

4.1. They must ensure that their internal policies and procedures uphold the obligations related to personal data processing clearly and in detail.

4.2. They must guarantee the protection of personal data by only collecting data for specific, explicit and legitimate purposes, whilst ensuring that they only process as much personal data as is strictly necessary for any clearly defined purpose, in accordance with current legislation.

4.3. They must guarantee the protection of personal data and sensitive or confidential information.

4.4. They must ensure that their employees are aware of the principles of personal data protection.

# PRINCIPLE 5

## INVESTOR PROTECTION

*Institutions must faithfully and strictly uphold the rules and regulations on investor protection in the performance of their functions.*

They must be committed to organising their activities in such a way as to preserve the integrity of the markets and respect the rules of operation.

5.1. They must respect the transparency and security of the different markets in accordance with the laws and regulations that govern them.

5.2. They must ensure that procedures are in place to prevent the use of insider information or market manipulation by staff or the participation of their customers in such operations. In particular, they must seek to ensure the confidentiality of insider information and not take advantage of it or use it for anything other than its intended purpose.

5.3. They must set separate functions for the purpose of avoiding the disclosure of insider information and preventing conflicts of interest.

5.4. They must ensure that employees refrain from making changes to completed transactions, except when there are legally valid reasons to do so.

# PRINCIPLE 6

## PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING

*Institutions must faithfully and strictly comply with the rules and regulations on the prevention of money laundering and terrorism financing in the performance of their activities.*

6.1. They must take the steps necessary to prevent their services from being used to engage in money laundering and terrorism financing by individuals, institutions or groups.

6.2. They must cooperate fully with the competent authorities to enforce the applicable rules and regulations.

6.3. They must identify and verify the identities of customers and beneficial owners who intend to establish business relationships, and take adequate and reasonable measures to determine the origin of their funds.

6.4. They must adopt a risk-based approach to the prevention of money laundering and terrorism financing.

6.5. They must apply enhanced due diligence measures depending on the type of a transaction and a customer's risk profile.

6.6. They must monitor business relationships to detect suspicious transactions.

6.7. They must have internal procedures in place to report suspicious transactions to the supervisory authority responsible for the prevention of money laundering and terrorism financing.

6.8. They must have internal procedures in place for reporting the required information to the national financial accounts register.

# PRINCIPLE 7

## SECURITY AND ASSET PROTECTION

*Institutions must be responsible for the security and protection of their assets based on the applicable rules and regulations.*

7.1. They must take reasonable steps to protect the rights of their customers over the financial instruments and funds entrusted to them.

7.2. They must document and keep records of all agreements signed with their customers, as well as the details of all completed transactions and operations, in accordance with the applicable laws.

7.3. They must raise staff awareness of the risks of fraud, including electronic fraud.

7.4. They must have both internal procedures and computer resources in place to prevent fraud and ensure that transactions are secure, to the extent possible, based on the best technology available at any given time.

7.5. They must undertake to implement appropriate security measures, based on the technology available at any given time, against hacking attacks and other criminal behaviour to ensure the effective protection of their staff, customers and assets.

# PRINCIPLE 8

## CORPORATE GOVERNANCE

The institutions' governing and administrative bodies must ensure compliance with current legislation and, subject to that legislation, with the principles of transparency, best practices and responsible behaviour towards the organisation, customers, markets and society at large, which should govern their decision-making. These governing bodies must have delegated committees specialised in ethics and compliance, auditing and risk management.

Institutions must strive to maintain control over their activities at all times and to that end establish codes of conduct and internal procedures for central administration, internal controls and risk management, among others, in order to guarantee sound management based on the characteristics, extent and complexity of their activities, in keeping with the applicable rules and regulations.

# PRINCIPLE 9

## SOCIAL RESPONSIBILITY

*Institutions must be committed to socially responsible behaviour.*

9.1. They must seek to integrate social, environmental and ethical aspects into their policies that respect human rights and fundamental freedoms and that are consistent with the economic, social and cultural principles laid down in the Constitution of the Principality of Andorra.

9.2. They must be equally committed to the internal promotion of staff and respect their rights as employees. They must strive to guarantee ethical and responsible behaviour by their employees.

9.3. Where applicable, they must publish non-financial information on both environmental and social issues in their annual reports.

9.4. They must conduct themselves responsibly in their relations with partners and suppliers. They must take reasonable steps to ensure that their service providers and relevant operating partners comply with the laws in force.

9.5. They must ensure that their relationships with government authorities are guided by institutional respect and by adherence to government decisions in accordance with the applicable laws. In their relationships with public officials, they must avoid any conduct that could be interpreted as an attempt to obtain an undue advantage.

9.6. They must ensure compliance with the principle of political neutrality so as to avoid any institutional interference or influence, without this principle being interpreted as a restriction on the right of employees to participate in political activities that are permitted by law.



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