

Code of Conduct
of the Central Bank of the Republic of San Marino
pursuant to art. 43 of the Articles of Association

Article 1
(Definitions)

1. For the purposes of the application of this Code of conduct, the following terms shall have the following meanings:

Bank: means the Central Bank of the Republic of San Marino

Code: means this Code of conduct.

Directorate General: means the Director General and the Deputy Director General.

Officials: means the Chairman and the other members of the Governing Council, the Director General, the Deputy Director General, the Director of the Financial Intelligence Agency, the Deputy Director of the Financial Intelligence Agency, the Members of the Supervision Committee, the Chairman of the Board of Statutory Auditors and the Statutory Auditors of the Bank.

Personnel: Means permanent and temporary employees as well as those who carry out corporate functions on a continuous basis.

Recipients: Means Officials and Personnel of the Bank, in their role as recipients of the rules set forth in the Code.

Articles of Association: Means law no. 96 dated 29 June 2005 as subsequently amended.

Article 2
(Scope of application)

1. This Code, pursuant to article 43 of the Articles of Association, and in compliance with the delegated decree no. 146 of 28 November 2008, provides directions and sets ethical rules and behaviour criteria for all Recipients.
2. For the purposes of this Code, anyone who, although without any employment relationship, provides his/her advice or cooperation to the Bank in a coordinated and continuous form, at the registered office of the Bank and/or using any material, logistic and IT support made available by the latter, is also considered as Personnel.

Article 3
(Core principles)

1. The recipients maintain a conduct consistent with the highest ethic standard. They are required to act in a honest, independent, impartial and discrete manner, without any regard to their own personal interests and avoiding any situation that might generate a conflict of interest.

Article 4
(Respect for the human person and no discrimination)

1. The Recipients are required to avoid, since it is intolerable, any discrimination, specifically with regard to race, nationality, gender, age, physical invalidity, sexual preferences, political opinions, philosophical leanings or religious convictions, as well as sexual harassment, physical or psychological harassment, in any form whatsoever.
2. In addition, the Recipients must adopt a sensitive and respectful conduct towards other people and stop any behaviours considered to be offensive by another person as soon as he/she lets the Recipient know.
3. No one can be harmed in any way whatsoever for having reported or prevented any discriminations, harassments, or offences.

Article 5

(Independence and impartiality)

1. The Recipients make their decisions ignoring any undue pressures, and avoid creating, or benefiting from, any privileged situations and must be inspired by transparency criteria.
2. The Recipients act with impartiality, avoiding any favouritisms and ensuring that their independence and objectivity would not be jeopardised by any relationship with persons involved or affected by the activities of the Bank.
3. The Bank rejects any form of corruption, unlawful favours, collusive behaviours, direct and/or indirect soliciting of personal benefits for oneself or for others.

Article 6

(Gifts and other benefits)

1. The Recipients do not accept, not for themselves nor for other persons, any gifts or other benefits, with a value in excess of Euro 200, not even during festivities, from persons (individuals, entities, companies) with an interest in the activities of the Bank. Gifts with a higher value
 - individually, or
 - on aggregate (together with the value of any gifts received from the same person within the same context), or
 - overall (taking into account the value of any gifts however received during the last twelve months)are returned or allocated to a Charity selected by the Ethics Committee.
2. The Recipients accept to intervene at meeting, seminars and similar, on any subject related to the functions of the Bank, provided such participation is in the interest of the Bank. No money or other benefit will be accepted to participate to these events, and the refund of travel and accommodation expenses is allowed only to the extent they are refunded to the other participants.
3. The Recipients do not accept any fee in their favour for educational activities or public events to which they participate by virtue of their functions and role within the Bank.

Article 7

(External appointments)

1. Personnel, including the Director General, the Deputy Director General, the Director of the Financial Intelligence Agency, the Deputy Director of the Financial Intelligence Agency, the Members of the Supervision Committee, may not accept any other appointment or employment, perform any other professional or advisory activity nor hold any political or union office, nor hold any office within:
 - associations and foundations that pursue any purposes related to the financial system of San Marino or, in any case, linked to the purposes of the Bank as set in its Articles of Association (except for the Fondazione Banca Centrale);
 - companies, entities and foundations subject to the supervision of the Bank or that exercise their direct or indirect control over persons subject to the supervision of the Bank.
2. The preceding subparagraph does not apply to the offices of member of the Great and General Council and of Captain/member of the "Giunta di Castello", notwithstanding the possibility to adopt, also within the scope of the exercise of the institutional office, the same caution referred to in the following subparagraph.
3. The Chairman and all the members of the Governing Council, the Chairman of the Board of Statutory Auditors and the Statutory Auditors of the Bank are required to use caution in any

external activity or appointment, so as to preserve the freedom, independence and neutrality of the Bank and the relevant image also vis-a-vis the public.

4. Without prejudice to the foregoing, the Recipients may only perform external activities to the extent that such activities have no negative impact on the performance of their duties and do no harm in any way the image of the Bank.
5. With the exception of the members of the Governing Council, of the Director General and of the Director of the Financial Intelligence Agency, the Recipients must not release any writings, reports, public statements on issues related to the Bank or its activities without the prior consent of the Chairman.
6. Personnel must refrain from performing, during office hours, any activity not related to their duties and functions.
7. All of the Recipients are in any event prohibited from using any resources or premises of the Bank for activities not connected to the Bank itself.

Article 8

(Conflict of interest)

1. The Recipients avoid any situation that might give rise to a conflict of interest. They abstain from making, or participating to the making, of any decisions or from doing any acts that might involve, directly or indirectly, financial and not financial interests of:
 - themselves,
 - their spouse,
 - their partners,
 - relatives or in-laws within the second degree,
 - partners/associates in common economic initiatives or activities;
 - enterprises, companies or similar entities directly or indirectly owned by the Recipient.They also abstain in any other case in which serious profitability reasons exist.
2. Should the conflict of interest involve an Official member of a collective body, the situation must be brought to the attention of the other members and the relevant discussion and resolution must be taken without the presence of the Official involved.
3. Should the conflict of interest involve the Personnel, the situation must be brought to the attention of the direct superior. Should the conflict of interest refer to the Director or Deputy Director of the Financial Intelligence Agency, article 5 of the Delegated Decree no. 146/2008 will be applied

Article 9

(Ethics Committee)

1. An Ethics Committee is established.
2. The Committee is comprised of:
 - The Chairman of the Governing Council;
 - The Vice-Chairman of the Governing Council;
 - The Chairman of the Board of Statutory Auditors;
 - The Chairman of the Supervision Committee;
3. The Committee is chaired by the Chairman of the Governing Council; in his/her absence, the members of the Committee appoint the Chairman of the meeting from amongst those present.
4. The meeting of the Committee is validly convened with the presence of the majority of its members, and passes the resolutions with the vote in favour from the majority of those present. In the event of a tied vote, the Chairman has a casting vote.
5. The members of the Committee appoint from amongst those present, at each meeting, a member who will act as Secretary of the meeting.
6. The Chairman and the Secretary sign at the bottom the minutes of the meeting.

7. The Chairman of the Board of Statutory Auditors is responsible for keeping and maintaining, at the Bank, the Minutes Book of the Committee.
8. Purpose of the Committee is to:
 - a) verify compliance with this Code;
 - b) assess the adequacy of the Code in light of the activities and functions of the Bank;
 - c) prepare and transmit to the Governing Council any proposed amendments and supplements to this Code, to be submitted to the approval of the Meeting of Shareholders;
 - d) assess the reports received pursuant to article 14 and report to the Governing Council any violations of the Code by the Personnel;
 - e) assess the reports received pursuant to article 14 and report to the Meeting of the Shareholders any violations of the Code by the Officials;
 - f) propose to the competent bodies, within the context of the reports referred to in letters d) and e) above, the adoptions of any disciplinary and/or monetary sanctions against the Recipients;
 - g) express opinions, upon request from the Recipients, on the interpretation and application of the Code, including with reference to the existence of any conflict of interest and to the estimate of the value of the assets referred to in article 6;
 - h) identify the charity to which the assets referred to in article 6 above will be allocated.
9. The Committee meets at least once a year.
10. The Committee must keep the utmost confidentiality on data, news and information related to the performance of its activities, except as regards to the reporting duties towards the competent statutory bodies.

Article 10

(Relations with Institutions, Authorities, Foreign and international bodies)

1. Any official or unofficial contacts with the representatives of Institutions, Authorities, foreign and international bodies must always be in line with the position of the Bank, in all cases in which such position is officially expressed; absent any official opinion of the Bank, the Recipients, when expressing their opinions, are required to specify that such opinions do not reflect the position of the Bank as regards to a certain issue.
2. Any contacts with Institutions, Authorities, foreign or international bodies require particular care and a high level of availability; at the same time, it is also necessary to guarantee the independence of the Bank and the respect of the official secrecy provided for by law.

Article 11

(Loyalty and cooperation relationship within the Bank)

1. Loyalty and cooperation of the Personnel means not only the fulfilment of the duties assigned by the superiors, the execution of any instructions received from the latter and the respect of the hierarchic lines, but also the availability to provide cooperation, assistance and advice as well as an open and transparent approach to any and all relations with colleagues, regardless of their level and function.
2. Notwithstanding the strict compliance with the official secrecy imposed by law and the confidentiality obligations, Human Resources are required to provide information on the progress of their work to any colleagues interested in it, because of the professional activity, and to allow the latter to provide their contribution.
3. Failure to circulate useful, not confidential information to colleagues, the disclosure of false, or deliberately inaccurate, twisted or incomplete information, refusing to cooperate with colleagues and obstructionist behaviours are considered as contrary to the principles of loyalty and cooperation that Personnel are required to adopt.
4. The fact is even more serious when it is aimed at achieving, or procuring the achievement of, a personal benefit or at delaying or hindering the activities of the bank.

Article 12

(Supplies and public work contracts)

1. The Recipients ensure the correct performance of the procedures for the selection of suppliers and contractors, in an objective, neutral and impartial manner and ensure the transparency of their actions.
2. Within the context of the aforementioned procedures, the Recipients must comply with all general and specific rules aimed at preventing and reporting conflicts of interest and related to the receipt of gifts or benefits and to the official secrecy.

Article 13

(Use of Bank's resources)

1. The Recipients are required to respect and protect any of the resources of the Bank and to prevent any unauthorised use thereof by third parties.
2. All resources, whatever their nature, are provided by the Bank to the Recipients only for work purposes, except where personal use is allowed under the relevant internal rules or practices, or subject to the prior written authorisation by the General Directorate.
3. The Recipients must adopt any and all reasonable and appropriate measures in order to limit, whenever possible, the costs and expenses incurred by the Bank, so as to streamline the use of the resources of the entity.

Article 14

(Duty to report any failure to fulfil the professional duties)

1. Notwithstanding the reporting requirements provided for by law, the Recipients report any violation of the Code to the Chairman of the Ethics Committee, together with any other punishable conduct such as, but not limited to: money laundering, terrorism financing, insider trading, fraud or bribery in the performance the Recipients' own professional duties or of the duties of any supplier of goods or services to the Bank.

Article 15

(Sanctions for the Staff)

1. Failure to comply with the provisions contained herein may give rise, as provided for in the Staff contracts, to the application of disciplinary sanctions envisaged by the laws currently in force, as subsequently amended.
2. Pursuant to article 43 of the Articles of Association, in the most serious cases and/or in case of recurrence of the conduct, pecuniary sanctions with a value from a minimum of three hundred and a maximum of one thousand Euro, may be applied in addition to the disciplinary sanctions; the amount resulting from the application of the sanctions shall be allocated by the bank in favour of the CBSM Foundation.
3. The proposed application of any disciplinary and monetary sanctions shall be submitted by the Committee to the Governing Council. Should the Governing Council resolve to apply the sanctions, the application thereof may be delegated to the Director General.
4. Notwithstanding the provisions of Law no. 23 of 4/5/1977, as subsequently amended, the deadline granted to the Personnel to submit their objections to the written charges, referred to in article 2 of the aforementioned Law, is increased from 5 to 15 days.

Article 16

(Sanctions for the Officials)

1. Failure by the Officials to comply with the provisions contained herein may give rise to the application, by the Meeting, of disciplinary sanctions such as:

- a) the proposal to the body that appointed the Official in question, to suspend such Official from the exercise of his/her functions for a certain period of time or until the causes behind the suspensions have been removed;
 - b) the proposal to the body that appointed the Official in question, that he/she be definitively removed from office and replaced;
 - c) the suspension or the removal of the statutory auditors appointed by the Meeting.
2. Pursuant to article 43 of the Articles of Association, in the most serious cases and/or in case of recurrence of the conduct, pecuniary sanctions with a value from a minimum of five hundred and a maximum of three thousand Euro, may be applied in addition to the disciplinary sanctions; the amount resulting from the application of the sanctions shall be allocated by the bank in favour of the CBSM Foundation.
 3. The application of any disciplinary and monetary sanctions is proposed by the Committee to the Meeting of the Shareholders, subject to the prior notice to the Official in question, who will have 15 days to prepare his/her objections.
 4. The proposal of the Committee and the objections of the Official shall be submitted to the Meeting to be assessed and, in case, for the application of possible disciplinary and monetary sanctions.
 5. If the Official is a member of Personnel, article 15 shall apply as regards to monetary sanctions, whereas articles 15 and 16 shall apply as regards to disciplinary sanctions.

Article 17

(Final and Transitional Rules)

1. The Code shall come into force on the thirtieth day following its approval by the Meeting of Shareholders.
2. Not later than 60 days from the coming into force, each Recipient shall notify to the Chairman of the Ethics Committee the existence of any external appointments already in place, potentially not compliant with the new provisions referred to in article 7 above.
3. In the notice referred to above, the Recipient shall also specify:
 - if he/she is a member of Personnel, whether he/she intends to quit the external appointment or apply for an unpaid extended leave for the entire term of such external appointment;
 - if he/she is an Official, whether he/she intends to quit the external appointment or resign from his/her job with the Bank.
4. Notwithstanding the foregoing, the external appointment must be quitted not later than 90 days from the coming into force of the Code and, as from the date of resignation, the Recipient shall abstain from performing any activity whatsoever connected to the quitted job.