



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

**ECB-PUBLIC**  
*COURTESY TRANSLATION*

Christine LAGARDE  
President

Ms Manon Aubry  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 2 September 2020

L/CL/20/242

**Re: Your letter (QZ-044)**

Honourable Member of the European Parliament, dear Ms Aubry,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 29 June 2020.

Through the single Code of Conduct, the ECB has significantly enhanced its ethics and governance standards and successfully established a comprehensive and strict framework for all high-level ECB officials, irrespective of whether they are appointed at national level or have a contractual relationship with the ECB. Under this new framework, possible conflicts of interest arising from a previous occupational activity, private activities, the gainful occupational activity of spouses, partners or direct family members, and financial interests are monitored and prevented where applicable. The single Code of Conduct has also substantially increased the transparency level for such matters through, for example, the annual publication of a Declaration of Interests for each member of the Governing Council, Executive Board and Supervisory Board<sup>1</sup>. In a further effort to increase its transparency and demonstrate its ongoing commitment to good governance and integrity, the ECB Governing Council decided on 30 July 2020<sup>2</sup> to publish the Ethics Committee's opinions addressed to the current members of the Executive Board, Governing Council and

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<sup>1</sup> See Article 10 of the Code of Conduct for high-level ECB Officials, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XB0308\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XB0308(01)&from=EN)

<sup>2</sup> See Decisions taken by the Governing Council of the ECB (in addition to decisions setting interest rates), 31 July 2020, available at <https://www.ecb.europa.eu/press/govcdec/otherdec/2020/html/ecb.gc200731~33d1f664a6.en.html>

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Supervisory Board that have been issued since the entry into force (January 2019) of the single Code of Conduct. Opinions issued to the members of these bodies on possible conflicts of interest and post-mandate gainful occupational activity will from now on be published and complemented where applicable by the outcome of the Ethics Committee's and Governing Council's deliberations. The publication will commence in September 2020 and follow a biannual rhythm.

The Declarations of Interests submitted in line with the single Code of Conduct are reviewed by the ECB's Ethics Committee with a view to identifying possible conflicts of interest.<sup>3</sup> If a conflict of interest is identified, the Ethics Committee advises the relevant high-level ECB official to take mitigation measures with a view to resolving the conflict of interest and to report back to the Committee on the resolution. Such mitigation measures may take different forms, such as divestment of a specific financial instrument, or recusal from specific deliberations or decision-making processes. The ECB President and the Secretariats of the respective high-level bodies are kept informed of any advice given and subsequent follow-up. Should the advice not be followed, the Ethics Committee will ask the President to raise the matter with the Governing Council. The latter may decide to issue a reprimand and eventually make it public in line with the provisions on non-compliance outlined in the single Code of Conduct<sup>4</sup>.

I would like to stress that the independence of the Ethics Committee is an essential condition for ensuring its effective functioning. This has been explicitly acknowledged by the Governing Council in Decision (EU) 2015/433 concerning the establishment of an Ethics Committee and its Rules of Procedure. Article 2.4 of this Decision states that *"The members of the Ethics Committee shall observe the highest standard of ethical conduct. They are expected to act honestly, independently, impartially, with discretion and without regard to self-interest and to avoid any situation liable to give rise to a personal conflict of interest. They are expected to be mindful of the importance of their duties and responsibilities. The members of the Ethics Committee shall abstain from any deliberation in cases of perceived or potential personal conflict of interest."*

*Furthermore, the independence of the Committee is manifested in the requirements for its composition. Pursuant to Article 1.3 of the same Decision, "The members of the Ethics Committee shall be individuals of high repute from Member States, whose independence is beyond doubt and who have a sound understanding of the objectives, tasks and governance of the ECB, the ESCB, the Eurosystem and the SSM. They shall not be current staff of the ECB or current members of bodies involved in the decision-making processes of the ECB, the national central banks or the national competent authorities as defined in Council Regulation (EU) No 1024/2013."<sup>5</sup> All appointed members fulfil these requirements.<sup>6</sup> The*

<sup>3</sup> See Article 11 of the Code of Conduct for high-level ECB Officials, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XB0308\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XB0308(01)&from=EN)

<sup>4</sup> See Article 18 of the Code of Conduct for high-level ECB Officials, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XB0308\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XB0308(01)&from=EN)

<sup>5</sup> See Article 1.3 of Decision (EU) 2015/433, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0059\(01\)&from=GA](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0059(01)&from=GA)

<sup>6</sup> See list of the external members of the Ethics Committee, available at <https://www.ecb.europa.eu/ecb/orga/ethics/html/index.en.html>

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requirement for statutory/institutional independence was further strengthened in 2019 – also in response to calls from the European Parliament – through the appointment of a high-level ethics official from outside the Eurosystem and European banking supervision.

Finally, please note that while the remuneration of the members of the Ethics Committee is indeed fixed by the Governing Council (the main ECB decision-making body). This remuneration is non-negotiable.

Yours sincerely,

[signed]

Christine Lagarde

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