



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI
President

Mr Csaba Molnár
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 16 November 2016

L/MD/16/486

Re: Your letter (QZ-093)

Honourable Member of the European Parliament, dear Mr Molnár,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 October 2016.

In response to your inquiry about Governor Matolcsy, I would first like to clarify his status within the ESCB. As Governor of a central bank of an EU Member State that has not yet adopted the euro, Governor Matolcsy is a member of the General Council of the ECB, which mainly has an advisory and coordination role for ESCB-related tasks. Not being a member of the Governing Council of the ECB, Governor Matolcsy is not involved in the ECB's decision-making regarding monetary policy or the prudential supervision of credit institutions. He is also not subject to the Code of Conduct for the members of the Governing Council of the ECB¹.

That being said, the principle of central bank independence under Article 130 of the Treaty on the Functioning of the European Union² (TFEU) and Article 7 of the ESCB Statute³ applies to the Magyar Nemzeti Bank and its Governor in the performance of ESCB-related tasks. The principle of central bank independence entails, inter alia, that members of decision-making bodies of national central banks of the ESCB who are involved in the performance of ESCB-related tasks may not be subject to interests which potentially influence their

¹ Available at: http://www.ecb.europa.eu/ecb/legal/pdf/en_mou_on_code_of_conduct_consolidated_f.pdf

² Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012E%2FTXT>

³ Available at: https://www.ecb.europa.eu/ecb/legal/pdf/en_statute_2.pdf

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activities. In its 2016 Convergence Report the ECB raised the issue of conflicts of interest of the members of the Monetary Council, including the Governor, of the Magyar Nemzeti Bank (see Section 5.4 of the 2016 Convergence Report⁴ for issues related to Hungary). The ECB will continue to monitor developments and raise any issues of conflicts of interest.

Regarding your question on how the ECB ensures that the members of the Governing Council of the ECB make their decisions without any influence from financial institutions, I draw your attention to their Code of Conduct, which contains a number of provisions that specifically aim to safeguard the impartial performance of their duties. Article 2, which requires that the members of the Governing Council observe “*the highest standard of ethical conduct*”, and Article 4, which requires them to “*avoid any situation liable to give rise to a conflict of interests*”, are at the core of impeccable conduct. These obligations are complemented by a number of other provisions that serve the same purpose, such as rules on (i) the acceptance of gifts or hospitality, (ii) relations with interest groups, (iii) activities performed in a personal capacity, and (iv) conflict of interest restrictions covering professional activities following their term of office.

In order to ensure the adequate and consistent implementation of ethical rules and to enhance the ECB’s corporate governance, the Governing Council has established an Ethics Committee. The main task of the Ethics Committee is to advise members of the bodies involved in the ECB’s decision-making processes (for example members of the Governing Council) on ethical questions on the basis of individual requests. The Ethics Committee is supported by the ECB’s Compliance and Governance Office, a key independent control function that strengthens the ECB’s governance framework for protecting the integrity and reputation of the ECB by promoting ethical standards in the behaviour of staff members and strengthening the ECB’s accountability and transparency.

Yours sincerely,

[signed]

Mario Draghi

⁴ Available at: <https://www.ecb.europa.eu/pub/pdf/conrep/cr201606.en.pdf?91977931874a7c6c63d80305b651394>

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