



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 am Main, 12 June 2018

L/MD/18/208

Re: Your letter (QZ-044)

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 27 April 2018.

As mentioned in my previous letter to you dated 16 November 2016¹, Governor Matolcsy, as Governor of the central bank of an EU Member State that has not yet adopted the euro, is a member of the ECB's General Council and is therefore not involved in the ECB's decision-making process regarding monetary policy or the prudential supervision of credit institutions. As a member of the General Council, Governor Matolcsy is not subject to the Code of Conduct for the members of the Governing Council of the ECB.² However, the principle of central bank independence laid down in Article 130 of the Treaty on the Functioning of the European Union and Article 7 of the Statute of the ESCB applies in full to the Magyar Nemzeti Bank. This requires, 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 activities. For this reason, members of these bodies should avoid even the perception that they are accepting benefits from third parties. Given the nature of their tasks, the risk of a conflict of interest is particularly high in the case of benefits provided directly or indirectly by banks falling under the supervision of

¹ The letter is available on the ECB's website at: https://www.ecb.europa.eu/pub/pdf/other/161117letter_molnar.en.pdf

² The Code of Conduct is available at:
http://www.ecb.europa.eu/ecb/legal/pdf/en_mou_on_code_of_conduct_consolidated_f.pdf

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the central bank. The issue of conflicts of interest on the part of the members of the General Council, including the Governor of the Magyar Nemzeti Bank, is also discussed in the ECB's 2018 Convergence Report.³ The ECB will continue to monitor developments and raise any issues relating to conflicts of interest.

Regarding your question on how the ECB ensures that the decisions of the members of its Governing Council are guided by the principle of impartiality, I draw your attention to their Code of Conduct. This document contains a number of provisions to ensure the impartial performance of their duties, in particular Article 2, which requires members of the Governing Council to 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*". 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) relationships with interest groups, (iii) activities performed in a personal capacity, and (iv) restrictions on conflicts of interest covering professional activities following their term of office.

The Governing Council has established an Ethics Committee to strengthen the ethics rules in place and to further enhance the corporate governance of the ECB. This committee ensures the consistent implementation of ethical rules and, in this context, provides advice to the members of the ECB's decision-making bodies (including members of the Governing Council) on the basis of individual requests regarding ethical matters. 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 for the behaviour of staff members and by strengthening the ECB's accountability and transparency.

Yours sincerely,

[signed]

Mario Draghi

³ See Section 7.4 of the 2018 Convergence Report, available at: <https://www.ecb.europa.eu/pub/convergence/html/ecb.cr201805.en.html>

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