



## Recommendations of the European Ombudsman on the involvement of the President of the European Central Bank and members of its decision-making bodies in the 'Group of Thirty' (1697/2016/ANA)

Recommendation

**Case** 1697/2016/ANA - **Opened on** 18/01/2017 - **Recommendation on** 15/01/2018 - **Decision on** 05/07/2018 - **Institution concerned** European Central Bank ( Maladministration found ) |

This inquiry is based on a complaint concerning the involvement of the European Central Bank (ECB) in the 'Group of 30' organisation, based in Washington DC.

It specifically concerns whether the President of the ECB should continue as a member of the "G30" and whether he and the members of the ECB's decision-making bodies should continue to participate in G30 activities. The members of the G30 include senior public officials, private sector bankers and academics. Crucially, members also include representatives from a number of major banks either directly or indirectly supervised by the ECB.

The Ombudsman found that the ECB President's continued membership of the G30 could undermine public confidence in the independence of the ECB. While acknowledging the public interest in engagement with market participants, the Ombudsman points out that membership of any organisation, society or club necessarily implies a closer relationship between those who participate in their activities than would be the case in other forms of stakeholder engagement.

The implied closeness of the relationship through membership – particularly between a supervising bank and those it supervises – is not compatible with the independence obligation of an institution such as the ECB for which independence is the hallmark of its operations.

Operational and policy independence is intentionally given to the ECB to allow it to carry out its vital functions without interference, including both political and industry interference. The extent of the independence given to the ECB in the public interest underscores its obligation to protect that independence even from the perception that an individual or entity might seek inappropriately to influence its decision making.

The Ombudsman finds that the ECB has not demonstrated that the ECB President's membership of the G30 serves a public interest.



The Ombudsman therefore recommends that the President of the ECB suspend his membership of the G30.

The Ombudsman accepts that the ECB must conduct dialogue with market participants. She therefore also finds that, subject to certain conditions, participation by the ECB in certain G30 activities may comply with the principles of good administration. To ensure that this is always the case, the Ombudsman makes additional recommendations to the ECB.

Made in accordance with Article 3(6) of the Statute of the European Ombudsman [1]  
Background to the complaint

## Outline

1. The 'Group of Thirty' (G30) is a private organisation with an address at K Street in Washington, D.C. While known as the Group of 30, it is formally the Consultative Group on International Economic and Monetary Affairs, Inc.
2. The G30 states that it serves as a forum for discussion and the exchange of views on global economic and financial issues, with the aim of deepening understanding of international economic and financial issues [2].
3. The group has **33 "current members"** (31 male, two female), **two "senior members" and several "emeritus" and past members listed** as of January 12th 2018 [3], having been recently updated; these include the heads of major private banks and central banks, as well as members from academia and international institutions. Approximately **one third of members are from the private sector**. It pursues an annual work programme on topics of interest to policy makers globally. It "*enters the policy debate on important issues pertaining to international economics and finance through the publication of Reports and Occasional Papers*" [4].

In terms of events, the G30 holds:

- Two member-only **plenary meetings** each year;
- An annual **International Banking Seminar**, open to a much wider invited audience, including dozens of central bank governors, leaders of the global financial sector, and academics.

4. The complainant [5] argues that the ECB's involvement in the G30 is incompatible with the independence, reputation and integrity of the ECB, particularly in light of the ECB's new banking supervision tasks. The Single Supervision Mechanism (SSM) refers to the system of banking supervision in Europe. It is composed of the ECB and the national competent authorities of participating Member States [6]. Its main aims are to: ensure the safety and soundness of the European banking system, increase financial integration and stability, and ensure consistent supervision [7]. In this context, a Supervisory Board responsible for preparing decisions on supervisory matters is set up within the ECB. The Supervisory Board



has a Chair, a Vice Chair and includes representatives from the ECB and from national competent authorities [8] .

5. This is the second time the Ombudsman has looked into the question of the ECB and its relationship with the G30. In 2012, the complainant made a similar complaint. The then Ombudsman found that the ECB's involvement in the G30 was - broadly speaking - compatible with the independence, reputation and integrity of the ECB (case 1339/2012/FOR) [9] .

6. In this new complaint, the complainant argues that, as a result of the ECB's new banking supervision tasks, the context in which it operates is now different to that when the original complaint was made in 2012, and the question should be re-examined.

## The complaint

7. Before turning to the Ombudsman, the complainant contacted the ECB on different occasions from December 2015 to November 2016, requesting access to documents related to the ECB's participation in the G30, posing questions relevant to this issue and expressing its concerns about the continuing involvement of the ECB in the G30.

8. In response, the ECB referred to the Ombudsman's first G30 decision. It argued that members of the ECB's decision-making bodies take part in a number of diverse fora that include representatives from both the private and the public sectors, as well as academics. It stated that participating in such fora is part of its role under the EU Treaties. The ECB's position has been that both the membership of its President and the participation of the members of its decision-making bodies in the G30 should be viewed in the light of the G30's nature as a discussion forum, which brings together current and former Governors of Central Banks of the largest economies.

9. In its replies, the ECB maintained that the Ombudsman's decision in the first G30 case is still valid, and that its interaction with various fora is not only provided for in the EU Treaty but is also a vital element of the ECB's intelligence-gathering and reflects its desire to function in an open manner. In the ECB's view, its President's membership of the G30 does not imply that the ECB necessarily agrees with the G30's publications. It argued that the involvement of members of the ECB's decision-making bodies as observers in G30 working groups and reports does not negatively affect the reputation and integrity of the ECB. In the ECB's view, its interaction with the G30 and other high-level fora is in line with the requirement on it, as a central bank, to maintain "*an open, transparent and regular dialogue with representative associations and civil society*" [10] . The ECB reiterated that "*the members of the Executive Board [of the ECB] are aware of their responsibility; they neither use nor intend to use non-public events to disclose market sensitive or confidential information*", and outlined the rules of confidentiality which Executive Board members must respect. The ECB went on to state that "*members of the Supervisory Board adhere strictly to the obligations relating to confidential information when exchanging views with stakeholders on issues of relevance to their work*", and that the ECB applies its Guiding principles for external communication by



members of the Executive Board of the European Central Bank' (hereafter, *Guiding Principles*) [11] to all members of its decision-making bodies " *also when attending G30 meetings*".

**10.** Dissatisfied with the ECB's position, the complainant turned to the European Ombudsman on 10 November 2016.

**11.** The Ombudsman also received correspondence on the issue from the International and European Public Services Organisation (IPSO), a staff union formed by staff of the ECB, detailing their concerns.

The inquiry

**12.** The Ombudsman opened an inquiry into the complainant's concern that the membership of the ECB President in the G30, as well as the ECB's involvement in the G30 more generally, could undermine the independence, integrity and reputation of the ECB. The inquiry focuses on the following specific issues:

1) As a result of the ECB's participation in the G30, banks falling under the ECB's supervisory role, which also have representatives on the G30, could gain privileged insights into issues that should remain confidential.

2) In the absence of a disclaimer, the ECB is associated with the reports of and recommendations made by the G30. There is a consequent risk to the ECB's reputation if it is deemed to align itself with views from the G30 that are problematic or debatable.

3) The applicable confidentiality rules and related safeguards are not sufficient to protect the ECB's integrity, independence and reputation.

The complainant would like the ECB to:

4) Ensure that the members of its decision-making bodies a) refrain from participating in non-public events of the G30 and b) dissociate themselves from statements made by the G30.

5) Revise the *Guiding Principles* to make it clear that they cover meetings of the G30, and that, when participating in such meetings, ECB members are accompanied by an ECB staff member. To this end, the ECB should ensure that its Supervisory Board adopts and implements rules similar to those set out in the *Guiding Principles* .

6) Decide whether, in light of the ECB's high ethical standards, the participation of members of its decision-making bodies in the G30 should continue.

**13.** As a first step in the inquiry, the Ombudsman organised an 'inspection meeting' with the responsible ECB officials. In advance of the inspection meeting, on 8 March 2017, the Ombudsman's inquiry team sent a list of questions to the ECB, setting out the key issues to be discussed. The meeting was held on 13 March 2017 at the ECB's premises and the ECB provided the Ombudsman's inquiry team with a set of documents concerning the involvement of members of its decision-making bodies in the G30.



**14.** On 25 April 2017, the Ombudsman's report of the inspection was sent to the complainant for comments.

**15.** On 11 May 2017, the complainant sent its comments on the inspection report. In particular, these comments emphasised the lack of transparency of the G30 compared to other similar consultation fora.

**16.** Following an initial analysis of the case, on 4 July 2017, the Ombudsman asked the ECB to provide a full reply to the complaint and to respond to 16 additional questions.

**17.** On 4 November 2017, the Ombudsman received the reply of the ECB (in Annex II) and, subsequently, the comments of the complainant. On 15 December 2017, the ECB provided further information concerning possible future changes in the transparency policy of the G30.

**18.** The Ombudsman's recommendations take into account the arguments and views put forward by both the ECB and the complainant.

The ECB's involvement in the Group of Thirty

## Arguments presented to the Ombudsman

**19.** In addition to the arguments outlined above, the **complainant** argued that the ECB's involvement in the G30 appears to be contrary to the ECB's ethical rules. These rules aim to ensure the good reputation of the ECB, safeguard its decision-making bodies from actual or apparent conflicts of interest, and ensure the proper functioning of its key operations, including monetary policy and banking supervision.

**20.** More specifically, the complainant argued that it is inappropriate that the ECB President takes part in closed meetings of the G30, alongside commercial banks some of which it supervises. The complainant argued that there is a risk that confidential information might be disclosed to these banks in those meetings.

**21.** The complainant expressed concerns about the impact the ECB's involvement in the G30 might have on its independence and integrity, and questioned whether the involvement of its President and members of its decision-making bodies in the G30 should be continued.

**22.** Regarding transparency, the complainant argued that the G30 meetings are conducted behind closed doors.

**23.** The complainant further argued that, in the absence of a "*disclaimer*", the public could consider that G30 reports reflect the opinions of members of the ECB's decision-making bodies. This could negatively affect the public's perception of the ECB's independence.

**24.** The complainant takes the view that the institutional safeguards already put in place by the ECB are weak and include insufficient mechanisms to supervise and regulate the conduct



of members of the ECB's decision-making bodies in relation to the G30. More specifically, the complainant argued that the *Guiding Principles* should apply to the participation of the members of its decision-making bodies in the G30. Moreover, the complainant argued that since the *Guiding Principles* do not currently apply to the Supervisory Board, it should adopt and implement similar rules.

**25.** In addition to the arguments outlined above, in its reply to the complaint, **the ECB** stated that, in order to ensure the ECB fulfils its mandate properly, ECB policymakers need to be informed about developments in the global economic and financial environment. The G30 is one of several fora with private sector involvement with which the ECB engages. In the ECB's view, the G30's membership is diverse, comprising current and former central bank governors, ministers of finance, academics and private sector representatives, including bankers from the largest and most important economies. The ECB therefore regards the G30 as a relevant and useful forum with which to engage. The profile of the G30's membership - in terms of professional profiles, geographical representation and economic thinking - facilitates a valuable exchange of views. In contrast to participation in a conference, the G30 meetings - which include some of the most prominent individuals from the economic, monetary and financial sectors - allow for a dynamic, stimulating and focused debate on a variety of topical issues. In an environment where proper safeguards are in place and respected, such interactions can positively contribute to the ECB's ability to fulfil its mandate - which, in turn, is in the public interest.

**26.** The ECB said that G30 meetings focus on international economic, monetary and financial topics, and do not address issues of a micro-prudential supervisory nature. The names of G30 members, as well as the list of entities supervised by the ECB, are publicly available. There are currently 124 banks and banking groups directly supervised by the Single Supervisory Mechanism and about 3,200 indirectly supervised banks (i.e. banks supervised by the national competent authorities). Two current G30 members come from banks that are directly supervised by the ECB (Santander [12] and Bayerische Landesbank) and two from banks that are indirectly supervised (Credit Suisse, UBS) (See Annex II). The governors of the Bank of Japan, the People's Bank of China and the Federal Reserve Bank of New York are also members of the G30, and their respective institutions have banking supervisory responsibilities in their respective jurisdictions. The current Governor of the Bank of England, is the only other European central banker apart from the President of the ECB.

**27.** The ECB stated that, whenever its Executive Board members attend a meeting with external parties, including the G30 meetings, they fully observe the ECB's "good governance safeguards", contrary to what the complainant had claimed. These safeguards include the Codes of Conduct, the *Guiding Principles*, and the obligations of professional secrecy and independence.

**28.** Regarding transparency, the ECB argued that all meetings attended by Executive Board members in their official capacity, including the G30 meetings, are made transparent in their monthly diaries, which are published on the ECB's website. For G30 meetings, it is primarily for the G30 to decide on the level of transparency of its discussions. The ECB also noted the G30's recent initiatives to increase the transparency of its events. The ECB stated that it



would encourage further steps in this direction.

**29.** The ECB stated that all G30 reports contain a disclaimer, which makes it clear that G30 reports do not necessarily represent the views of its members or the institutions they come from. The ECB also referred to the Ombudsman's previous findings concerning the issue of disclaimers. Moreover, the G30 clearly states on its website that membership does not imply endorsement of the G30, or of its work programme and studies, by the members' respective institutions.

**30.** Regarding safeguards, the ECB argued that the *Guiding Principles* provide that, as a rule, an ECB staff member should be present not only at bilateral meetings, but also at non-public events (such as G30 meetings). The *Guiding Principles* also contain provisions to ensure a level playing field when interacting with members of the public, representative associations and civil society. All Executive Board members have followed these provisions in the context of their participation at G30 events since the adoption of the *Guiding Principles*. The ECB insisted that the *Guiding Principles* apply to the Chair, the Vice-Chair and the ECB representatives on the Supervisory Board.

**31.** Against this background, the ECB said that the President's membership of the G30 and the participation of other Executive Board members in G30 events are fully compatible with the independence, reputation and integrity of the ECB and, most importantly, that this does not entail any conflict of interest. The ECB also took the view that the Ombudsman's first G30 decision was taken in the knowledge of both the ECB's vital role in the financial crisis and its forthcoming supervisory responsibilities for credit institutions.

## The Ombudsman's assessment leading to a recommendation

### The institutional and legal framework

**32.** The Treaty on the Functioning of the European Union and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank establish the framework for the ECB's functioning and **independence** by including specific rules on professional secrecy [13] and independence [14].

**33.** In addition, the ECB has the following sets of legislation and rules in place to deal with questions of ethics (the most relevant provisions are quoted in Annex I):

1) The SSM Regulation (1024/2013) highlights in recital 75 [15]:

*"...the ECB should exercise the supervisory tasks conferred on it in full independence, in particular free from undue political influence and from **industry interference** which would affect its operational independence."*(our emphasis)



- 2) Code of Conduct for the members of the Governing Council [16] ,
- 3) The Supplementary Code of Ethics Criteria for the members of the Executive Board of the European Central Bank [17] ,
- 4) The Guiding principles for external communication by members of the Executive Board of the European Central Bank [18] ,
- 5) Ethics Framework for the Single Supervisory Mechanism (SSM) [19] ,
- 6) Code of Conduct for the Members of the Supervisory Board of the European Central Bank [20] .

**34.** Since the Ombudsman's first G30 case, two important further developments should be noted:

- 1) The ECB, in addition to its tasks in steering EU monetary policy, is now a central pillar of the EU's 'banking union', and thus its role and importance in the economic governance of the EU has grown considerably; and
- 2) There is an increased public awareness, expectation and demand that public institutions should comply with the highest possible standards of ethical conduct and transparency, legitimacy and accountability; this has become particularly relevant following the financial crisis.

**35.** The Ombudsman considers that the situation today is different from that of 2012, and the issues raised by this complaint should be examined in this present context. The main issue in this complaint is whether the involvement of the President and members of the ECB's decision-making bodies in the G30 should be continued and, if so, how this should be managed. Thus, the Ombudsman will examine whether a) the ECB President's membership of the G30 and b) the participation of the members of the ECB's decision-making bodies (including its President) in the G30's work are compatible with the principles of good administration.

Membership

**36.** The complainant argues that, through the ECB President's membership of the G30, the ECB and/or its President could be influenced over time by the banks and financial institutions that also have representatives who are G30 members. The complainant also argues that membership may give rise to a situation where banks and financial institutions are, even inadvertently, given privileged access to information. This would call into question the independence of the ECB, as provided for under the EU Treaties.

**37.** The Ombudsman agrees that **the ECB should be open to meetings with any stakeholder** , and that it is actually obliged under the Single Supervisory Mechanism rules to meet with any supervised bank. This happens regularly in the ECB's office in Frankfurt [21] .

**38.** The ECB President is not a member of the Supervisory Board, however the Board does





send its draft decisions to the Governing Council for adoption. There would need to be evidence or strong indications to conclude that the ECB President's membership of the G30 enables representatives of the private sector adversely to affect the integrity and independence of the ECB in the exercise of its supervisory role.

**39.** The complainant did not put forward any evidence that the ECB, through its President or any other member of its decision-making bodies, has provided privileged access to information to other members of the G30. On the contrary, concerning monetary policy, there is specific evidence that the President of the ECB, acting in accordance with the *Guiding Principles*, chose not to take part in a particular G30 meeting because it took place during the "quiet period" ahead of a monetary policy meeting of the ECB Governing Council [22]. In addition, as the *Guiding Principles* have been generally applied when members of the ECB decision-making bodies have taken part in G30 events, there would not appear to be any additional risks posed through their participation in G30 non-member meetings (e.g. the annual G30 International Banking Seminar) as compared to other non-public meetings with third parties, banks or other stakeholders. However, even in considering these events Executive Board members are bound by the *Guiding Principles* to :

"refrain from offering to any institution, company or person who could derive profit from such information **personal views about the state of the economy or the financial sector** relevant to the future stance of monetary policy that have not already been expressed publicly; and strive to ensure, in selecting their speaking engagements, that the acceptance of such invitations is **not perceived as giving the organiser a prestige advantage** over a competitor or allowing them to benefit financially from **apparently exclusive contacts** with the members of the Executive Board."

**40.** Membership of any group or body normally implies an association, affiliation, connection, relationship, belonging, and the inclusion of some, to the exclusion of others. Therefore, beyond the participation in the non-member meetings and working groups of the G30, it is the view of the Ombudsman that membership of the G30 could at least give rise to the **perception** that there are also informal relations with the members of the G30, relations which can seem not appropriate between a regulator and the regulated. This perception may be reinforced by the fact that the President's membership of the G30 is longstanding: he was a member of the G30 for a number of years before joining the ECB. In addition, the way the G30 describes itself ("group" rather than a more neutral term such as "forum") could also give rise to a perception that there are informal and long-standing relations between the members.

**41.** That perception is further reinforced by the "secrecy" that surrounds the nature of G30 membership and, in particular, the issue of **who becomes a member of the G30** and how this is decided. In its replies to this inquiry, the ECB stated that the members of the G30 are chosen by 'the Board of Trustees', but no information is publicly available about how such appointments are made. The G30 website mentions only one member of the Board of Trustees, a current G30 member, who is also described as being chairman of the Board of Trustees. **No information on the other members of the Board of Trustees is available.**



**42.** The ECB's legislation and rules (see Annex I for greater detail) point to the importance of avoiding any situation that might create the perception that the ECB's independence is being undermined or that there might be a conflict of interest.

**43.** Specifically, the ECB's rules (in its Code of Conduct) require members of the Governing Council, including the President of the ECB, to ensure that activities, even where not related to the European System of Central Banks, "*have no negative impact on their obligations and will not damage the image of the ECB*". The ECB's rules (in its Supplementary Code of Ethics for members of the Executive Board) further state that members of the Executive Board, including the President of the ECB, "*shall avoid any situation liable to ... **appear** to influence the impartial and objective performance of their duties [involving] any potential advantage for themselves, their families, their other relatives or their circle of friends and acquaintances*" (emphasis added). These rules recognise that a relationship (family, friendship or even acquaintance) establishes certain obligations between the member of the Executive Board and the persons close to them. Such a relationship could create a personal interest that could potentially influence the impartial and objective performance of the duties by a member of the Executive Board. According to these rules, this kind of situation shall be avoided.

**44.** These rules, which the ECB has in place, set out a robust system of safeguards to manage how the ECB can engage with the financial sector; these engagements include participation in the G30 (see below under the analysis of the issue of participation). The purpose of these rules is to minimise any risks, but they cannot fully remove the possible **perception** by some citizens that regulators and bankers meet in elite clubs behind closed doors and take decisions affecting the lives of millions of people. [23]

**45.** The principles of good administration require that the objective and impartial performance of **those holding public office must not be influenced, or even appear to be influenced, by private relationships**. The fact that the ECB members themselves may consider that this is not the case, and that their independence is not in any way compromised by membership of the G30, does not in any way mitigate the risk that public trust in the ECB could be undermined by the perception that such a scope for influence exists. Therefore, situations that could give rise to the appearance of any kind of undue influence **should be avoided**. This is all the more important in the aftermath of the financial crisis, with continued public concern about the relationship between the finance industry and regulators. As a result, **the Ombudsman finds that it would undoubtedly help reinforce public trust in the ECB if its President were to suspend his membership of the G30**.

**46.** The Ombudsman expects that if the President wishes to re-join the G30 after he leaves office in late 2019, the Code of Conduct will require him to inform the Governing Council and seek their advice (Article 6).

**47.** The above analysis leads the Ombudsman to conclude that the ECB President's continued membership of the G30 could, by creating a **perception** that the independence of the ECB is compromised, unnecessarily damage the image of, and thus the vital public trust



in, the ECB. This constitutes **maladministration** which could be remedied if the President of the ECB suspends his membership of the G30. To this end, the Ombudsman makes a corresponding recommendation below, in accordance with Article 3(6) of the Statute of the European Ombudsman.

Participation

**48.** The Ombudsman acknowledges the merit of the arguments put forward by the ECB regarding the advantages it claims that G30 membership brings in terms of information- and intelligence-gathering. The G30 has a varied composition - comprising current and former central bank governors, ministers of finance, academics and private sector representatives, including bankers from the largest and most important economies - which makes it a relevant and useful forum with which to engage.

**49.** Members of the G30 have the right to participate in both its non-public (plenary meetings) and wider (e.g. International Banking Seminar) activities. However, there is a distinction between membership and participation. The ECB may participate in certain G30 activities (subject to the conditions analysed below) and continue to enjoy the advantages from such participation. **Membership** of the G30 is not required in order for the ECB to **participate** in certain G30 events and meetings. Thus, if the President of the ECB were to suspend his membership of the G30, this would not mean that the ECB would no longer be able to participate to a great extent, so long as the appropriate safeguards are in place (as detailed in the next paragraphs). In addition, as has been the case to date, members of the decision-making bodies of the ECB may be invited to participate in G30 events and publications, as the Vice-President of the ECB has done on occasion. As mentioned above, in the Ombudsman's view, participation does not generate the same potential difficulties as does membership. The Ombudsman takes the view that, subject to certain conditions, participation in certain activities of the G30 may comply with the high standards set out in the ECB's legal framework, which aims to guarantee the integrity, reputation, and independence of the ECB [24].

**50.** The Ombudsman will therefore assess how to ensure that the participation of members of decision-making bodies of the ECB in the G30 can be managed, while avoiding any possible impact on its integrity, reputation, and independence, or a perception that there could be such an impact.

## Regulatory independence and the issue of disclaimers

**51.** On the basis of the Ombudsman's inquiry, which included an inspection of the relevant documents at the ECB premises, **there is no evidence that the G30 meetings could have directly influenced or have had an (adverse) impact on the ECB's supervisory tasks**. The topics discussed at G30 meetings have not been directly related to current issues regarding banking supervision in the EU. In fact, the topics at G30 meetings are of a more general nature, and not directly linked to specific monetary policy or EU banking supervision issues. Indeed, there are other fora in which banks and financial institutions could and do try to exert "influence" on decisions related to banking supervision [25]. Similarly, the reports published by the G30 working groups do not address controversial issues of banking



supervision. However, there could still be a perception that, through the participation of members of the ECB's decision-making bodies in the G30, the ECB could be open to influence in the shaping of new regulatory practices.

**52.** The Ombudsman considers that the participation of a member of the Supervisory Board [26] in a G30 report does not automatically imply that the publication in question reflects the views of the ECB, or that the ECB is unduly influenced by the content of any such publication in its (monetary or supervisory) policy-making.

**53.** It is however true that, in the absence of a strong and clear disclaimer, the ECB may be **perceived** to share the views of and endorse the policy directions provided in G30 reports. However, the Ombudsman notes that, since 2016, G30 publications do now contain a disclaimer (see, for instance, the disclaimer in the Report on Shadow Banking and Capital Markets: Risks and Opportunities [27] ), which makes clear that the conclusions of working groups or other reports do not necessarily reflect the opinion of the members of the G30. This disclaimer also applies to any participating members of the ECB's decision-making bodies. That said, in the light of the specific context of this case, **the Ombudsman would expect that, in the future, the ECB exercises a very high degree of caution, and sound judgement and discretion when members of its decision-making bodies are associated with the working groups and/or committees set up by the G30** in the preparation of such reports.

## Transparency

**54.** Transparency is central for ensuring the legitimacy and accountability of the EU's decision-making bodies. In the specific context examined here, the requirement to conduct an " *open, transparent and regular dialogue* " with representative associations and civil society is set out in the EU Treaties (Article 11(2) TEU). Any lack of transparency could create a public impression of secrecy, which would reflect negatively on the image and reputation of the EU's decision-making bodies, including the ECB.

**55.** This implies that, in all ECB meeting with financial institutions and related bodies, the highest standards of transparency must always be met. These standards must apply irrespective of the forum or context within which such dialogue takes place. In fact, as the ECB stated in its reply to the Ombudsman, when it conducts dialogue with market participants in market contact groups (the Institutional Investor Dialogue [28] and the Banking Industry Dialogue [29] ), the ECB publishes the meeting agendas, lists of meeting participants and summaries.

**56.** However, no such information is available for meetings open to G30 members only. While the ECB stated that the G30 has taken steps to improve its transparency, the G30 website contains simply the reports of the G30 working groups [30] , a video of a recent lecture (to which the ECB referred in its replies), and the titles of the sessions of the 'International Banking Seminars' (annual meetings of the G30 [31] ). The ECB itself appears not to be in a position to provide additional information to the public concerning these



activities.

**57.** If the G30 is not yet ready to be more transparent, the ECB should consider proactively informing the public about the content of meetings in which members of the ECB decision-making bodies participate. This could include providing agendas and non-confidential summaries, as is standard practice for meetings in which the ECB participates in the context of the Banking Industry Dialogue and the Institutional Investor Dialogue.

**58.** The Ombudsman concludes that the improvements in the transparency of the G30 referred to by the ECB are minimal, and that the transparency standards of the G30 fall below the standards applied by the ECB in the context of other fora, or even the transparency standards applied by the G30 at the time of the Ombudsman's first G30 case in 2012 [32].

**59.** To remedy this, the ECB should ensure that, when a member of the ECB's decision-making bodies participates in a G30 meeting, the ECB should provide levels of transparency comparable to those it provides for other meetings with representatives of the financial industry, including the disclosure of meeting agendas and non-confidential summaries of the discussions in these meetings. If this level of transparency cannot be provided, the ECB should refrain from participating. The Ombudsman notes that in December 2017 the ECB informed her that it has initiated a discussion with G30 on the benefits of enhanced transparency. As result, it is claimed the G30 has decided to increase the level of transparency of its biannual member-only meetings. In substance, starting from its latest plenary meeting (early December 2017), the G30 will publish on the website after each meeting not only the agenda, including the subjects of the panel discussions, and the names of the speakers on each panel, but also the summary of the minutes of the panel discussions. The Ombudsman would welcome this latest development but notes that, as of the date of these Recommendations, more than a month after the latest plenary session, no such transparency measures have taken place. In order to give effect to that commitment the Ombudsman makes a corresponding recommendation below, in accordance with Article 3(6) of the Statute of the European Ombudsman.

## Safeguards

**60.** The rules that apply to the ethical conduct of the ECB's President and members of its decision-making bodies are detailed.

**61.** However, it is clear that the *Guiding Principles* could be improved. As they currently stand, the *Guiding Principles* require that an ECB staff member should accompany **members of the Executive Board** only (a) in principle, (b) in bilateral meetings, and (c) where practical [33]. The Ombudsman considers that the *Guiding Principles* should apply to **all non-public events** and in **all cases**. In its reply, **the ECB stated that this requirement was *de facto* always applied**. While this assertion may be true, it is in the interest of certainty that this condition should be applied without exception. This would help ensure public trust in the ECB.



**62.** In addition, the ECB argued that the *Guiding Principles* reflect the basic tenets of good governance and that they do, therefore, apply to the Chair of the Supervisory Board, the Vice-Chair (chosen by the ECB) and the four ECB representatives in the Supervisory Board. The Ombudsman acknowledges the importance and usefulness of this practice.

**63.** However, there are three shortcomings. First, the *Guiding Principles* do not **formally** apply to the Supervisory Board. While the ECB states that they are currently applied, this does not guarantee that this will be the case in the future. Second, and most importantly, the *Guiding Principles* are drafted with a view to addressing the monetary policy competences of the ECB (for example, as mentioned above, they refer to the 'quiet period' principle, which concerns the week before the meetings of the Monetary Policy Committee). However, there are no comparable explicit provisions relating to key aspects of the ECB's supervisory role (for example, the Supervisory Review and Evaluation Process (SREP) or the separate responsibilities of the Supervisory Board, compared to the ECB's Executive Board.

**64.** Therefore, in the interest of clarity and legal certainty and to contribute to the full and proper application of the rules of ethical conduct, the ECB should also adopt appropriate rules for the Supervisory Board which mirror the *Guiding Principles*. A recommendation to this end is made, in accordance with Article 3(6) of the Statute of the European Ombudsman.

**65.** The Ombudsman finally notes the role of **former President of the ECB**, Jean-Claude Trichet, as Chair of the ECB Ethics Committee, while also being the Honorary Chairman of the G30. The Ombudsman notes the fact that he recused himself when the Committee approved of the ECB involvement with the G30.

Recommendations

On the basis of the inquiry into this complaint, the Ombudsman makes the following recommendations to the European Central Bank:

- 1. The ECB President's membership of the G30 could give rise to a public perception that the independence of the ECB could be compromised. For the ECB to allow this perception to arise over several years constitutes maladministration on its part. The ECB should, therefore, ensure that the President of the ECB suspends his membership for the remaining duration of his term.**
- 2. The ECB should seek to ensure that neither the next President of the ECB, nor any other member of ECB decision-making bodies, becomes a member of the G30.**
- 3. Should members of the ECB decision-making bodies take part in G30 non-member events, this should be subject to the same transparency measures that apply to other meetings between members of the ECB and the banking industry. This includes the disclosure of the agendas of meetings and non-confidential summaries of the discussions in these meetings.**
- 4. The ECB should amend the relevant rules to ensure that members of the Executive Board must in actual practice be accompanied by an ECB staff member at all meetings**



and not only 'in principle', 'in bilateral meetings' and 'where practical', as is currently the case.

**5. The ECB should adopt explicit rules for its Supervisory Board, which mirror the rules already applying to the members of the ECB's Executive Board. Doing so is in the interests of clarity and legal certainty and would contribute to a full and proper application of its rules on ethical conduct.**

The ECB and the complainant will be informed of this recommendation. In accordance with Article 3(6) of the Statute of the European Ombudsman, the ECB shall send a detailed opinion by 15 April 2018.

Emily O'Reilly

European Ombudsman

Strasbourg, 15/01/2018

Annex I

## **1) Code of Conduct for the members of the Governing Council,**

*" 3.4. Members of the Governing Council shall ensure that non-ESCB activities, **if any** , whether remunerated or not, have no negative impact on their obligations and **will not damage the image of the ECB** . In scientific or academic contributions, members of the Governing Council shall make clear that the contribution is made in a personal capacity and does not represent the views of the Governing Council or the ECB. When making public statements on ESCB-related matters, members of the Governing Council shall have due regard to their role and duties in the Governing Council.*

**3.5. Relations with interest groups shall be based upon an approach that is compatible with their independence as members of the Governing Council and the principle of integrity .**

### *4. Conflict of interests*

*4.1. The members of the Governing Council **shall avoid** any situation liable to give rise to a conflict of interests. A conflict of interests arises where the members of the Governing Council have private or personal interests, which may influence or **appear to influence** the impartial and objective performance of their duties.*



*Private or personal interests of the members of the Governing Council mean any potential advantage for themselves, their families, their other relatives or **their circle of friends and acquaintances** .*

*4.2. In view of the impact of decisions to be taken by the Governing Council on market developments, the members of the Governing Council shall be in a position to act with full independence and impartiality ."*

## **2) The Supplementary Code of Ethics Criteria for the members of the Executive Board of the European Central Bank,**

*" 3. Acceptance of invitations*

*Members of the Executive Board, while keeping in mind their obligation to respect the **principle of independence and avoid conflicts of interest** , may accept invitations to conferences, receptions or cultural events and connected entertainment, including appropriate hospitality, **if their participation in the event is compatible with the fulfilment of their duties or is in the ECB's interest** . In this respect, they may accept the payment by the organisers of travel and accommodation cost commensurate with the duration of their commitment. In particular, members of the Executive Board may accept invitations to **widely attended events** , while they should observe particular prudence with regard to **individual invitations .... "***

## **3) The Guiding principles for external communication by members of the Executive Board of the European Central Bank,**

*" Guided by the values of integrity and transparency, the members of the Executive Board hereby establish the following principles for dealing with external communication with private sector, academic and civil society representatives:*

*First, the members of the Executive Board will safeguard confidential information in accordance with their obligations and **apply utmost prudence in selecting speaking engagements at external events to avoid any appearance that potentially financial market-sensitive information may not be available to the widest possible public audience at the same time** . To that end, Executive Board members shall:*

*- accept speaking engagements at events where their remarks could be seen as financial market-sensitive only if these remarks are published on the ECB's website at the start of the speech, or if the event can be monitored and followed directly by the general public (e.g. via a live webcast), or if the event is attended by media representatives who could report in real time. Speaking engagements on general or academic topics, where no financial market-sensitive*





information is disclosed, remain unaffected by this stipulation;

- refrain from offering to any institution, company or person who could derive profit from such information personal views about the state of the economy or the financial sector relevant to the future stance of monetary policy that have not already been expressed publicly; and

- strive to ensure, in selecting their speaking engagements, that the acceptance of such invitations is not perceived as **giving the organiser a prestige advantage over a competitor or allowing them to benefit financially from apparently exclusive contacts** with the members of the Executive Board.

Second, when considering invitations to speak at non-public events or to accept bilateral meetings, e.g. with bankers, industry representatives, or with special interest and advocacy groups, the members of the Executive Board will ensure that no financial market-sensitive information is divulged. **As a matter of principle and where practical, an ECB staff member should be present at bilateral meetings .**

Third, the members of the Executive Board re-affirm their adherence to **the quiet period principle** , whereby speeches and public remarks, given in the seven days prior to each scheduled monetary policy meeting of the Governing Council, should not be such as to influence expectations about forthcoming monetary policy decisions.

Similarly, the members of the Executive Board will not meet nor talk to the media, market participants or other outside interests on monetary policy matters during that period and should immediately notify both the communications and compliance functions of the ECB if they inadvertently do so ."

## **4) Ethics Framework for the Single Supervisory Mechanism,**

" Article 1 Definitions

(8) 'conflict of interest' means a situation where members of bodies or staff members have personal interests which may influence or appear to influence the impartial and objective performance of their duties.

Article 9 Conflicts of interest

2.The ECB and the NCAs shall adopt internal rules requiring the members of their bodies and their staff members to avoid during their employment any situation liable to give rise to a conflict of interest and to report such situations ."

## **5) Code of Conduct for the Members of the Supervisory Board of the European Central Bank.**



## " Article 2

### *Basic principles*

*2.1. Members of the Supervisory Board and other participants in Supervisory Board meetings **shall observe the highest standards of ethical conduct** . In the performance of their duties, they are expected to act with honesty, independence, impartiality, discretion and regardless of self-interest. They shall be mindful of the importance of their duties and responsibilities, shall take into account the public character of their functions and **shall conduct themselves in a way that maintains and promotes public trust in the ECB** .*

## Article 4

### *Independence*

*4.1. In accordance with Article 19(1) of Regulation (EU) No 1024/2013, members of the Supervisory Board and other participants in Supervisory Board meetings, when carrying out the tasks conferred upon them, shall act independently and objectively in the interest of the Union as a whole, regardless of national or personal interest, and shall not seek or take instructions from the institutions or bodies of the Union, from any government of a Member State or from any other public or private body.*

*4.2. Members of the Supervisory Board and other participants in Supervisory Board meetings shall, in particular, carry out the tasks conferred upon them free from undue political influence and from commercial interference that would affect their personal independence.*

*4.3. Members of the Supervisory Board and other participants in Supervisory Board meetings shall abstain from professional activities and shall resign from any position that could hinder their independence or present them with the possibility of using privileged information ."*

## Annex II

### **Introductory statements by the ECB:**

The ECB stressed that in order to ensure the proper execution of its mandate, ECB policymakers need to be informed about developments in the global economic and financial environment. The G30 is one of several fora with private sector involvement with which the ECB engages. It has a highly diverse composition comprising current and former central bank governors, ministers of finance, academics and private sector representatives, including bankers from the largest and most important economies. For the ECB, this is a relevant and useful forum with which to engage.

Whenever Executive Board members attend a meeting with external parties, including the G30 meetings, they fully observe the ECB's good governance safeguards. These include the Codes of Conduct, the Guiding principles for external communication by members of the



Executive Board of the European Central Bank (“Guiding principles”), and the obligations of professional secrecy and independence.

It is against this background that the ECB considers the President’s membership of the G30 and the participation of other Executive Board members in G30 events to be fully compatible with the independence, reputation and integrity of the ECB and, most importantly, that this does not entail any conflict of interest (the ECB referred to the 2013 decision of the Ombudsman which was taken in full knowledge of both the ECB’s vital role in the financial crisis and its forthcoming supervisory responsibilities for credit institutions). The ECB considers that it has lived up to the Ombudsman’s call and has further stepped up its outreach activities in a balanced manner and increased transparency.

## Replies to the questions

Question 1:

*What exactly does membership of the Group of 30 entail and who determines how one becomes a member ?*

ECB reply:

The Board of Trustees of G30 [34] choose the members of the G30 based on their understanding of international economic and financial issues with a view to enriching discussions. As stated on the G30 website, membership does not imply endorsement of the Group, or of its work programme and studies.

The G30 currently includes the presidents of seven central banks (namely the People’s Bank of China, the Bank of Japan, the Bank of England, the ECB, the Bank of Mexico, the Monetary Authority of Singapore and the Federal Reserve Bank of New York) and 21 former central bank presidents (as well as former public officials). Less than a third of its members are from the private financial sector, several of whom have held positions in the public sector.

The G30 organises a plenary meeting for its members twice a year, as well as a number of other seminars and events, the details of which are available on its website.

Question 2:

*How often does the ECB President (or any other ECB member) take part in meetings of the Group of 30? How many times so far have the current or former Presidents of the ECB participated in such meetings ?*

ECB reply:

The G30 meetings (members only) take place twice a year. Since his appointment as President of the ECB in 2011, Mr Draghi has attended four members’ meetings (in 2012, 2013



and twice in 2015 - Annex with Executive Board members' attendance at G30 meetings included).

The G30 also organises an annual International Banking Seminar, which is open to a wider audience beyond its membership. Mr Draghi attended one International Banking Seminar in 2012.

Other former Executive Board members that were G30 members include Jean-Claude Trichet [35] (former President of the ECB) and Tommaso Padoa-Schioppa (former Executive Board member). The former President of the EMI (which preceded the ECB), Baron Alexandre Lamfalussy, was also a member of the G30 [36] .

Question 3:

How is the Group of 30 financed and does the ECB make any contribution to its financing?

ECB reply:

The G30 is a not-for-profit organisation under US law. Information on the funding of the G30 and a list of contributors can be found on the G30's website.

Among the contributors to the G30 are a number of central banks from around the world, including most of the central banks of EU Member States. The ECB has never contributed to the G30's financing.

Question 4:

*It would appear that Group of 30 events are invitation-only. How is it decided which people or what organisations are invited to participate in the meetings and working groups?*

ECB reply:

The biannual G30 plenary meetings are for members, to which a few individuals are typically invited concerning a specific topic under discussion.

The annual **International Banking Seminar** is open to over 300 invitees from the public, private and academic sectors. The G30 may also organise *ad hoc* events, such as a recent Occasional lecture by Dr Raghuram Rajan (former Governor of the Reserve Bank of India), which was recorded and published online.

Working groups are led by and composed of G30 members. Other experts are occasionally invited to participate as observers. Mr Draghi has never participated in a working group (either as a member of the working group or as an observer). All studies by G30 working groups are published.

Question 5:



*Is it correct that the current Group of 30 members include four representatives from banks directly (significant institutions) or indirectly (less significant institutions) supervised by the ECB? Does the ECB have any rules, protocols or guidelines to protect against a conflict of interest situation arising in relation to Group of 30 meetings and events ?*

ECB reply :

The G30 meetings focus on international economic, monetary and financial topics **and do not address issues of a microprudential supervisory nature** . When attending meetings such as those of the G30, Executive Board members adhere to the ECB's Codes of Conduct, the Guiding principles, and the obligations of professional secrecy and independence.

The names of G30 members as well as the list of entities supervised by the ECB are publicly available. There are currently 124 banks and banking groups directly supervised by the Single Supervisory Mechanism and about 3,200 indirectly supervised banks (i.e. banks supervised by the national competent authorities).

Two current G30 members come from banks that are directly supervised by the ECB and two from indirectly supervised banks.

The Governors of the Bank of England, the Bank of Japan, the People's Bank of China and the Federal Reserve Bank of New York are members of the G30, even though their respective institutions have supervisory responsibilities.

Question 6:

*Is there an internal decision concerning ECB participation in such fora? Are there any internal documents specifically addressing the participation of the ECB President or members of the Executive Board in the Group of 30 (authorisation, information, etc.)?*

ECB reply:

The ECB has formulated its stance on the participation of the ECB's President or members of the Executive Board in the G30, which was confirmed with the Ombudsman's decision and a finding of no maladministration in 2013. Participation in such fora is governed by the safeguards mentioned above.

The ECB's position was confirmed by its Ethics Committee. It concluded that attendance by the President of the ECB at the meetings is justified because: (i) the Treaty encourages EU institutions to have dialogues with a wide range of stakeholders, and (ii) the G30's diverse composition with numerous current and former senior public officials and governors (with several of them having or having had responsibility for banking supervision) is in the ECB's institutional interest.

Question 7:



*We note from the ECB President's 2016 published calendar that the President met with Credit Suisse, Deutsche Bank, BridgeWater Associates, BlackRock, Morgan Stanley, Munich Re and AXA. What other fora exist in which the ECB President and Executive Board members meet with representatives of the financial sector?*

ECB reply:

To ensure the proper execution of the ECB's mandate, ECB policymakers need to be informed about developments in the global economic and financial environment. The Executive Board members regularly participate in meetings with private sector representatives and adhere to the relevant guidelines when doing so. Discussions with diverse groups help central bankers to understand the dynamics of the economy, the real economy and financial markets. Attendance is published in the Executive Board members' diaries.

The ECB also hosts two market contact groups to facilitate active dialogue at the highest level with market participants on topics of common interest: **the Institutional Investor Dialogue** and the **Banking Industry Dialogue**. The ECB publishes the agendas, lists of meeting participants and summaries of the Banking Industry Dialogue and the Institutional Investor Dialogue. These dialogues will soon be complemented with the Non-Financial Business Sector Dialogue, which will follow the same approach to transparency.

Question 8:

*My inquiry team was told during the inspection that the membership of the ECB President is in a personal capacity. However, it is clear from the documents inspected that when, on one occasion, the President was unable to attend a meeting, the Vice-President was invited (and gave a speech). It may be argued, therefore, that the ECB's involvement in the Group of 30 is rather of an institutional nature. What is the ECB's view?*

ECB reply:

Already during the Ombudsman's earlier investigation in 2013, the ECB clarified its institutional interest in the President's participation in the G30. It is in view of this rationale that the ECB's Vice-President participated.

Question 9:

*Where ECB members attend meetings organised by the Group of 30, they must abide by Treaty transparency requirements. However, Group of 30 meetings are not transparent. Would the ECB consider proactively informing the public of the content of these meetings, providing agendas and non-confidential summaries? The ECB already provides for transparency regarding its meetings in the context of the Banking Industry Dialogue and the Institutional Investor Dialogue.*

ECB reply :



The ECB hosts a number of market contact groups to facilitate active dialogue with market participants, including the Institutional Investor Dialogue and the Banking Industry Dialogue. Agendas, meeting participants and summaries are published on the ECB's website. **All meetings attended by Executive Board members in their official capacity, including the G30 meetings, are made transparent in the monthly diaries of the Executive Board members, which are also published on the ECB's website .**

For G30 meetings, it is primarily for the G30 to decide on the level of transparency of its discussions.

The ECB welcomes the G30's recent initiatives to increase the transparency of G30 events and will encourage further steps in this direction. For example, in April 2017 the G30 recorded and published the Occasional Lecture of Dr Raghuram Rajan at the International Monetary Fund (as well as the Q&A after the lecture). The ECB is also pleased to note that in October 2017 the media was invited to attend and report on the International Banking Seminar 2017.

Question 10:

*Regarding ECB involvement in the Group of 30 publications, the complainant argued that, in the absence of a 'disclaimer', the public might consider that Group of 30 reports reflect the views of the ECB. Would the ECB consider the insertion of a disclaimer clarifying that any involvement in such publications does not necessarily reflect the views of the ECB ?*

ECB reply:

All G30 reports contain a disclaimer, which makes it clear that G30 reports do not necessarily represent the views of the Group's members or the institutions they come from.

The ECB also referred to the findings concerning the G30 disclaimers in the Ombudsman's previous investigation in 2013.

Moreover, the G30 clearly states on its website that membership does not imply endorsement of the G30, or of its work programme and studies, by the members' respective institutions.

Question 11 :

*Regarding the institutional safeguards already put in place, the ECB noted that the 'Guiding principles for external communication by members of the Executive Board of the ECB' provide that as a matter of principle and where practical, an ECB staff member should be present at bilateral meetings between members of the Executive Board and third parties. This is particularly relevant in the case of the ECB's President and Vice-President. Would the ECB consider that this rule should be observed in all cases ?*



ECB reply :

The Guiding principles provide that, as a rule, an ECB staff member **should be present** not only at bilateral meetings, but also at non-public events (such as G30 meetings). They also provide other provisions to ensure a level playing field when interacting with members of the public, representative associations and civil society. All Executive Board members have followed these provisions for the G30 events since the adoption of the Guiding principles.

Question 12:

*Would the ECB consider, in the interest of clarity and legal certainty, the extension of the Guiding principles to members of the Supervisory Board ?*

ECB reply:

As confirmed to the complainant already in a letter dated 6 October 2016, the Guiding principles apply to the Chair, the Vice-Chair and the ECB representatives on the Supervisory Board.

Question 13 :

*What is the ECB's view on the appropriateness of the chairing of the ECB's Ethics Committee by the Honorary Chairman of the Group of 30? This question arises in the context of the Ethics Committee's possible role in assessing the ECB's membership of the Group .*

ECB reply :

The ECB has no reservations about the appropriateness of Mr Trichet as the Chair of the Ethics Committee. Whenever the Ethics Committee has considered issues related to the G30, in view of his own membership, Mr Trichet has recused himself and therefore never participated in the deliberations.

Question 14 :

*The complainant argues that it is inappropriate for the ECB President to take part in closed meetings alongside commercial banks. Specifically, the complainant argues that there is a risk that confidential information might be disclosed to these banks in those meetings. Even if no such information has actually been disclosed in those meetings, there may be a public perception that such disclosures might occur. What is the ECB's view ?*

ECB reply :

The President, as any other Executive Board member, is bound by the obligation of professional secrecy laid down in Article 37 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank. This applies to open as well as closed-door meetings. This obligation is equivalent to the duty of professional secrecy that





applies to other decision-makers of EU institutions (such as Commissioners or the European Ombudsman). Speeches held by Executive Board members, including those given at G30 meetings, are published on the ECB website.

Question 15:

*The complainant takes the view that there are insufficient mechanisms in place to supervise and regulate the behaviour of members of the ECB's decision-making bodies in relation to the Group of 30; specifically that, other than on the basis of the 'quiet period' principle, the ECB has no rules governing such participation. What is the ECB's view?*

ECB reply :

The Guiding principles complement the Codes of Conduct and set out the provisions on interactions with members of the public, representative associations and civil society in order to ensure a level playing field; they apply to meetings with external parties, including G30 meetings.

The quiet period principle is just one of several principles enshrined in the Guiding principles. All Executive Board members are bound by the obligation of professional secrecy, which is identical to that of other decision-makers of EU institutions (such as Commissioners or the European Ombudsman). Moreover, Article 130 of the Treaty on the Functioning of the European Union safeguards the independence of the ECB and of the members of its decision-making bodies.

The ECB considers the existing safeguards for meetings with external parties adequate, while it continuously reviews the current framework vis-à-vis best practices in good governance.

Question 16:

*The complainant raises the issue of ECB independence in the light of the ECB's involvement in the Group of 30. Has the ECB considered this matter and, if so, what has it concluded? Could the ECB state the specific reasons why it considers membership and participation in the Group of 30 important, including any relevant public interest reasons. If the ECB considers that there is a public interest benefit in membership, could it explain why participation in relevant events - as opposed to membership of the Group itself - would not fulfil this public interest need ?*

ECB reply:

The ECB considers the G30 to be a relevant and useful global forum on economic, monetary and financial matters. The ECB also considers Mr Draghi's membership of the G30 and the Executive Board members' participation at G30 events as appropriate. As for any meetings with external parties, Board members adhere to the relevant Guiding principles and obligations laid down in the Codes of Conduct.

Executive Board members benefit from regular discussions with a wide range of



interlocutors to better understand the dynamics of the economy and of financial markets.

The G30 members' diversity in terms of professional profiles, geographical representation and schools of thought is particularly conducive to foster an intellectually enriching exchange of views. **In contrast to participation at a conference, the G30 meetings – with some of the world's most renowned minds on economic, monetary and financial matters – allow for a dynamic, stimulating and focused debate on a variety of topical issues .**

In an environment where proper safeguards are in place and respected, such interactions positively contribute to the ECB's ability to fulfil its mandate – which, in turn, is in the public interest.

Finally, the G30 has become more transparent in the course of 2017; membership offers the opportunity to effectively advocate within the G30 in favour of a further enhancement of its transparency, which again is in the public interest.

[1] Decision of the European Parliament of 9 March 1994 on the regulations and general conditions governing the performance of the Ombudsman's duties (94/262/ECSC, EC, Euratom), OJ 1994 L 113, p. 15.

[2] For more information, see <http://www.group30.org/>

[3] <http://group30.org/members>

[4] <http://group30.org/publications>

[5] 'Corporate Europe Observatory' civil society organisation

[6] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, OJ 2013 L 287, p. 63, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:287:0063:0089:EN:PDF>

[7] For more information, see <https://www.bankingsupervision.europa.eu/about/thessm/html/index.en.html>

[8] For more information, see <https://www.ecb.europa.eu/ecb/orga/decisions/ssm/html/index.en.html>

[9] Decision of the European Ombudsman closing the inquiry into complaint 1339/2012/FOR against the European Central Bank, available at <http://www.ombudsman.europa.eu/cases/decision.faces/en/49139/html.bookmark>

[10] Article 11(2) Treaty on European Union.



[11] <https://www.ecb.europa.eu/ecb/orga/transparency/html/eb-communications-guidelines.en.html>

[12] Since the start of 2018, the representative from Banco Santander is listed as an Emeritus member. Also the representative from Goldman Sachs is, since the start of 2018, listed now as an Emeritus member.

[13] Article 37 of the Statute of the ECB.

[14] Article 130 TFEU and Article 7 of the Statute of the ECB.

[15] <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex:32013R1024>

[16] O.J. 2002/C 123/06 available at [https://www.ecb.europa.eu/ecb/legal/pdf/c\\_12320020524en00090010.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/c_12320020524en00090010.pdf) .

[17] O.J. 2010/C 104/03.

[18] <https://www.ecb.europa.eu/ecb/orga/transparency/html/eb-communications-guidelines.en.html>

[19] GUIDELINE (EU) 2015/856 OF THE EUROPEAN CENTRAL BANK of 12 March 2015 laying down the principles of an Ethics Framework for the Single Supervisory Mechanism (ECB/2015/12), L 135/29, 2.6.2015 available at: [https://www.ecb.europa.eu/ecb/legal/pdf/celex\\_32015o0012\\_en\\_txt.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/celex_32015o0012_en_txt.pdf)

[20] O.J. 2015/C 93/02.

[21] <https://www.ecb.europa.eu/pub/fsr/html/bid.en.html>

[22] The Guiding Principles state that: "*the members of the Executive Board re-affirm their adherence to the quiet period principle, whereby speeches and public remarks, given in the seven days prior to each scheduled monetary policy meeting of the Governing Council, should not be such as to influence expectations about forthcoming monetary policy decisions .*"

[23] One published academic study of the G30 which drew on interviews with key figures from the financial community, including G30 members, conducted between 1998 and 2010, states that: "*Club characteristics can be seen in the group's high profile and prestigious membership, which self-presents a strong sense of honour. (...)*" *It emphasizes the collective attributes of the club, such as reputational consistency of membership, but also the importance of a track record of policy work for the enduring relevance of club arrangements in agenda-setting, consensus building and establishing mechanisms for private influence in financial governance ."* *(...)* *the G-30 may be compared to a private members' club, bringing together people who know each other well both on a professional and a personal level. Ultimately, the G-30 defies traditional categorization: it is a hybrid group ."* *(...)* *the club model best captures the dynamics of the group*



and explains how the principal sources of influence of the group, its ideas and the positions of those who control and advance them, are continuously strengthened .", see, Eleni Tsingou (2015) Club governance and the making of global financial rules, Review of International Political Economy.

[24] The Ombudsman notes that the outgoing Chair of the Board of Governors of the US Federal Reserve System, Janet Yellen was also formerly a member of the G30, She however ended her membership in 2010, the same year she moved from the Federal Reserve of San Francisco to the Federal Reserve System in Washington DC. The Ombudsman also notes that Ms.Yellen still participates in certain non-member activities of the G30.

[25] For example, the President and Vice-President of the Supervisory Board of the ECB have met with the European Banking Federation, the European Association of Co-operative Banks, the Bundesverband Öffentlicher Banken Deutschlands, the 'ECB Industry Group', and the European Savings and Retail Banking Group.

[26] Julie Dickson, a member of the Supervisory Board, took part in the Working Group "A New Paradigm, Financial Institution Boards and Supervisors" as an observer. We found in the inspection meeting that she had been asked to take part before she was appointed to the ECB Supervisory Board. Mr Vitor Constâncio, Vice-President of the ECB, Ms Sabine Lautenschläger, Member of the Executive Board of the ECB – Vice Chair of the Supervisory Board of the ECB, and Mr Yves Merch, Member of the Executive Board of the ECB also took part in meetings.

[27] " *Disclaimer*

*This report is the product of the Group of Thirty's Steering Committee and Working Group on Shadow Banking and reflects broad agreement among its participants. This does not imply agreement with every observation or nuance. Members participated in their personal capacity, and their participation does not imply the support or agreement of their respective public or private institutions. The report does not represent the views of the membership of the Group of Thirty as a whole ."*

[28] <https://www.ecb.europa.eu/paym/groups/iid/html/index.en.html>

[29] <https://www.ecb.europa.eu/pub/fsr/html/bid.en.html>

[30] <http://group30.org/publications>

[31] <http://group30.org/events>

[32] Paragraph 86 of the Ombudsman's decision in the first G30 case states: " 86. *The Ombudsman is of the view that, when the President of the ECB participates in a meeting, the purpose of the meeting, the identities of the other participants, and the topics discussed should normally be regarded as public information, unless there exists a legitimate reason for confidentiality, such as the need to protect the public interest as regards the financial, monetary or*



economic policy of the EU or a Member State. The Ombudsman notes in this regard that **the website of the Group of Thirty appears to contain at least basic information of the kind mentioned above .** However, at present, there is **no information about the plenary sessions of the G30 on its website .**

[33] *“Second, when considering invitations to speak at non-public events or to accept bilateral meetings, e.g. with bankers, industry representatives, or with special interest and advocacy groups, the members of the Executive Board will ensure that no financial market-sensitive information is divulged. As a matter of principle and where practical, an ECB staff member should be present at bilateral meetings.*

*Third, the members of the Executive Board re-affirm their adherence to the quiet period principle, whereby speeches and public remarks, given in the seven days prior to each scheduled monetary policy meeting of the Governing Council, should not be such as to influence expectations about forthcoming monetary policy decisions.*

*Similarly, the members of the Executive Board will not meet nor talk to the media, market participants or other outside interests on monetary policy matters during that period and should immediately notify both the communications and compliance functions of the ECB if they inadvertently do so.”*

[34] The Chair of the Board of Trustees is Dr. Jacob A. Frenkel, Chairman of JPMorgan Chase International.

[35] Mr Trichet is the Honorary Chairman of G30.

[36] Padoa-Schioppa is no longer a member. Lamfalussy is deceased.