

THE ETHICS COMMITTEE

ECB/EC/24/09

ECB-PUBLIC

Mr Christodoulos Patsalides
Member of the ECB Governing Council
Governor of the Central Bank of Cyprus

8 May 2024

Subject: Notification of a gainful occupational activity of family members¹ that may raise conflict of interest concerns

Dear Mr Patsalides,

Thank you for seeking the views of the Ethics Committee on possible conflicts of interest between your duties and responsibilities as member of the Governing Council and the professional role of your family member (1), chairman and non-executive member of the Board of Directors of a less significant supervised entity, and of your family member (2), officer at the Historical Archive of a ECB supervised credit institution. Your notification of 11 April 2024 has been duly registered in line with good administration.

With regard to your family member (1)'s professional activity, the Ethics Committee notes that, first, the relevant credit institution is a less significant supervised entity, supervised by the ECB and the Central Bank of Cyprus. Having taken into account the responsibilities and duties of your family member as chairman and member of the Board of Directors of that entity, and that prudential supervisory decisions adopted by the ECB vis-à-vis that supervised entity are ultimately taken by the ECB Governing Council, and that, second, the entity also is a monetary policy counterpart, the Ethics Committee considers it essential to proactively address possible public perceptions that private or personal interests related to the occupational activity of your family member could negatively affect the impartial and objective performance of your duties and responsibilities as member of the Governing Council.

To this end and in line with its previous opinions, the Ethics Committee recommends that you should neither be granted access to documents nor participate in discussions and deliberations nor exercise any voting rights (in meetings or written procedures) should any matters directly related to the entity in question, or any of its subsidiaries, be discussed/considered by the Governing Council. The Secretary of the Ethics Committee will inform the Secretary of the Governing Council accordingly.

¹ Disclaimer: In accordance with applicable data protection legislation, parts containing personal data of third parties have been redacted from these opinions

With the above safeguards being adhered to and with their implementation being properly recorded in the relevant proceedings of the Governing Council, the Ethics Committee is confident that related conduct risks and their potential negative reputational impact are being effectively and satisfactorily addressed.

With regard to your family member (2)'s professional activity as officer at the Historical Archive of a Cultural Foundation, which is part of a directly ECB supervised credit institution and monetary policy counterpart, the Ethics Committee observes that the Cultural Foundation is intrinsically linked, structurally and financially, to that bank. Although your family member (2)'s professional activity is in a field that has no direct relation with the tasks and responsibilities of the ECB high-level bodies, the Ethics Committee considers that, owing to the above-mentioned interdependencies, it cannot be totally excluded that your family member (2)'s professional activity could potentially trigger personal interests and thus third-party perceptions of a conflict of interests.

Against this backdrop, the Ethics Committee recommends that – as an extra safeguard – you recuse yourself from participating in Governing Council deliberations about vital measures relating to this financial institution. The Secretary of the Ethics Committee will inform the Secretary of the Governing Council accordingly.

Also in this case Ethics Committee is confident that with the above safeguard being adhered to and with its implementation being properly recorded in the relevant proceedings of the Governing Council related conduct risks and their potential negative reputational impact are being effectively and satisfactorily addressed.

In both cases, the Committee's assessment applies exclusively to your role as member of the ECB Governing Council and is without prejudice to the application of rules which you may be subject to by virtue of your high-level function and responsibilities at the Central Bank of Cyprus.

For the sake of good order, the Ethics Committee wishes to recall the importance of your professional secrecy obligations (Article 4 of the Single Code).

Finally, please also note that in line with the transparency policy adopted by the Governing Council in July 2020, opinions issued by the Ethics Committee on possible conflict of interest of high-level ECB officials are published on the ECB website with a six-month delay.

With best regards,

The Chairman of the Ethics Committee (Erkki Liikanen)

Cc: Ms C. Lagarde, ECB President
Ms P. Senkovic, Secretary to the ECB Governing Council