

THE ETHICS COMMITTEE
[ECB/EC/20/1]

ECB-PUBLIC
(TRANSMITTED ON 3 FEBRUARY 2020)

Mr Mārtiņš Kazāks
Governor of the Central Bank of Latvia

Subject: Notification of a potential conflict of interest – Ethics Committee Opinion

Dear Mr Kazāks,

Thank you for your letter, dated 6 January 2020, notifying – in line with the requirements of the Single Code of Conduct – a potential conflict of interest that may arise in relation to your participation in the decision-making of the ECB Governing Council in the light of your previous professional activity with Swedbank AS, a Latvian significant credit institution which is directly supervised by the ECB (case 1), as well as your mortgages and leasing agreements with a Latvian significant credit institution which is directly supervised by the ECB (case 2). In line with good administration, we have registered your notification.

Having reviewed the information provided, the Ethics Committee understands that mitigation measures are already in place at Latvijas Banka, i.e. that you are not involved in any issues related to the Swedbank AS at national level (case 1) and that you consider your participation in any decision-making in relation to that entity might be perceived as impairing your impartiality and objectivity.

The Ethics Committee acknowledges your commitment to matters of good governance. It would like to note, however, that the application of an abstention period (for this purpose, the Ethics Committee applies the cooling-off periods in the Single Code of Conduct when taking up their functions as high-level ECB Officials) has already expired, given that you became a member of the Board of Directors of Latvijas Banka more than a year ago. Moreover, the Ethics Committee considers that both your previous professional activity (case 1) and your abovementioned mortgages and leasing agreements (case 2) (provided that any renegotiations are conducted in line with market conditions), do not give rise to conflict-of-interest concerns under Article 11 of the Single Code of Conduct.

Having said that, the Ethics Committee considers it opportune to mirror the safeguards already in place at national level for Governing Council deliberations on matters directly related to the Swedbank AS (case 1) and any of its subsidiaries. This serves the purpose of accommodating the stricter national requirements and thereby complementing their meaningful implementation at the level of the Governing

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Council. *In praxi* this means that, until the national restrictions cease, you should neither be granted access to documents related to the Swedbank AS (case 1) nor participate in discussions and deliberations nor exercise any voting rights (in meetings or written procedures).

The Secretary of the Ethics Committee will inform the Secretary of the Governing Council accordingly.

With best regards,

Chair of the ECB Ethics Committee (Patrick Honohan)

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