



Conflict of Interest Oversight Committee

Report to the Board of Directors for the year 2022

Public version



The European
Money Markets
Institute

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Foreword

Despite a turbulent year 2022 that brought instability and insecurity in many aspects of life, European Money Markets Institute however successfully continued the implementation of robust and sound practices to prevent, identify, and manage conflicts of interest.

In 2022, the focus of the work of the Conflicts of Interest Oversight Committee ('CIOC') was to review the Mapping of Potential Conflicts of Interest, to harmonise the terms used across internal documents at European Money Markets Institute, and to maintain constant attention to the management of actual or perceived conflicts of interest.

In addition, the CIOC continued to raise awareness and best practices at all levels of European Money Markets Institute.

As Chairman of the CIOC, I wish to thank my colleagues in the Committee for their active contribution. Also I thank Gaelle Marques, the Deputy CEO, and the staff members for their support and assistance.

The CIOC is committed to give continual support to European Money Markets Institute with its expertise and independent judgement for the consolidation and further enhancement of its transparent conflicts of interest management for the public good.

Karel VAN HULLE

Chairman of the Conflicts of Interest Oversight Committee

1. Role and Responsibilities of the Conflicts of Interest Oversight Committee

After reviewing the Conflicts of Interest Policy and Procedure, the latest version of the CIOC Charter approved by the Board of Director on 29 November 2022 is included in the Conflicts of Interest Policy.

The Charter specifies the scope of the CIOC responsibilities, while the specific activities related to prevention, identification, and management of conflicts of interest are covered in the relevant sections of the Conflicts of Interest Policy and more specifically in the Conflicts of Interest Procedure, approved by the CEO of EMMI on 22 September 2021.

The key activities of the CIOC include:

- Identification, prevention and management of actual or perceived conflicts of interest situations, as described in EMMI's Conflicts of Interest Policy and Procedure. The CIOC advises the Oversight Committee, the Board of Directors, or the General Assembly where relevant, on actions to be taken in respect of actual or perceived conflicts of interest.
- Monitoring the effectiveness of EMMI's Conflicts of Interest Policy and Procedure and providing recommendations to identify, prevent and manage conflict of interest situations to the Board of Directors and to the Oversight Committee (for aspects related to benchmark operations).
- Identifying relevant conflicts taking the following, criteria into consideration:
 - communications made by relevant persons;
 - representations or complaints made from external parties to the European Money Markets Institute;
 - other internal documents and information.

The activities carried out by the CIOC for each of the areas described above are detailed in section 3 of this report.

2. Composition of the Conflicts of Interest Oversight Committee

In accordance with the Charter, the CIOC must be composed of at least 3 members (one Chair and two members) chosen among experts with recognised independence, standing and experience in financial markets and/or financial services and/or in financial regulation and control systems.

The following people were members of the CIOC in 2022:

- **Karel VAN HULLE** (Chairman), originally appointed in February 2014, and reappointed in March 2016, March 2018, February 2020, and in December 2021 each time for a two-year term. Previously Head of Unit at the European Commission and Member of the Public Interest Oversight Board, currently Emeritus Professor at the KU Leuven and Honorary professor at the Goethe University in Frankfurt.
- **Stefano CARCASCIO**, originally appointed in February 2014, and reappointed in March 2016, March 2018, February 2020 and December 2021, each time for a two-year term. Previously Head of Supervision of Financial Markets, and Representative in the UK for Banca d'Italia, currently member of the Board at the Italian Chamber of Commerce for the UK and member of the OMFIF - Official Monetary and Financial Institutions Forum – Network.
- **Lieve LOWET**, appointed in April 2019 and reappointed in April 2021 for another two-year mandate. Previously Secretary General for the international mutual insurance association AISAM (now AMICE) and European banking and insurance expert, currently owner and director of the consulting company Schuman European Affairs BV, expert member of the Insurance Commission in Belgium and director of Belgium and Luxembourg, Opportunity Network.

The Members are appointed by the General Assembly, upon recommendation from the Nomination Committee and the Board of Directors, for a two-year renewable mandate.

3. Activities of the Conflicts of Interest Oversight Committee for the year 2022

In 2022, the CIOC held two regular virtual meetings: on 8 March and 18 October, as well as an *ad hoc* meeting on 16 May. During those meetings, the CIOC:

- evaluated the status of implementation of the recommended actions;
- reviewed and approved the Mapping of Potential Conflicts of Interest;
- assessed the implementation and effectiveness of the Conflicts of Interest Policy and Procedure;
- analysed relevant documents for the identification of potential, perceived, or actual conflicts of interest, including declarations of interests of relevant persons and meeting minutes;
- reviewed and approved the updated templates of Declarations of Interest;
- provided additional recommendations to ensure the coherence of terms used in different documents related to the conflicts of interest, such as Mapping of Potential Conflicts of Interest and Declarations of Interests;
- assessed the status of the implementation of the Conflicts of Interest Policy and Procedure;
- during the *ad hoc* meeting the CIOC assessed a position of a member of EMMI Board of Directors, in the view of actual or perceived conflict of interest.

In addition, the CIOC also received regular updates on changes in the organisational structure of EMMI, on benchmarks reforms and the new fallback rate EFTERM, as well as on regulatory and supervisory developments.

3.1. Identification, prevention and management of actual or perceived conflicts of interest situations

The CIOC reviewed and discussed all signed declarations of interests received for the year 2022 from all relevant persons as described in *section 3.3.1*.

In April 2022, the following case was brought to CIOC's attention.

A member of the Board of Directors EMMI was appointed as a non-executive director of another entity that is the contracting entity for the institutional contracts in Continental Europe.

Once informed, the CIOC Chair called for an *ad hoc* CIOC meeting to examine if there was a potential conflict of interest in regards of the two positions. The members unanimously agreed that the new position of EMMI Board of Directors member does not create an actual or perceived conflict of interest. However, the CIOC advised the Board of Directors that the concerned member should recuse himself or herself from any discussion concerning the vendors license and subscription agreements related with the entity if these discussions should take place within the Board of Directors.

3.2. Monitoring the effectiveness of the Conflicts of Interest Policy and of the Procedure to manage and mitigate conflicts of interest situations

Upon the CIOC members request during the last meeting held on 8 March 2022, the CIOC updated the previous version of the Conflicts of Interest Policy and Procedure dated from 9 October 2018. The aim was to imbed the organisational changes made internally at EMMI into the new procedure, which includes the harmonisation of terms. The changes made from the previous version are as follows:

- 1) "EURIBOR Oversight Committee" name changed to "Oversight Committee". The change is needed to cover Oversight Committees for different EMMI benchmarks (EURIBOR, EFTERM);
- 2) The new position of the Deputy CEO and Corporate Governance Officer were included in the documents;
- 3) "Personal interest" was changed to "personal or business interest" to align with the terms used in the Mapping of potential conflicts of interest, declarations of interest and the Conflicts of Interest Policy and Procedure.

At each meeting, the CIOC reviewed the implementation and effectiveness of the Conflicts of Interests Policy and Procedure.

3.3. Identifying relevant conflicts

To identify actual or perceived conflicts of interest, the CIOC analysed the following documents:

3.3.1. *Communications made by relevant persons*

In accordance with the Conflicts of Interest Policy and its Procedure, the CIOC relies on the people concerned to submit an annual declaration of interest form. An exception applies to the members of the General Assembly who are sitting in the Assembly as representatives of national banking associations, and it is their respective association's duties to ensure that conflicts of interest are managed by its representatives during the General Assembly meetings.

To increase individual awareness and responsibility in managing potential conflicts within the General Assembly, the CIOC recommended to ask the national banking associations to appoint one delegate (and one alternate) as a permanent participant in the meetings of the General Assembly. This recommendation was first implemented in 2017 and applied in subsequent years. In November 2019, the CIOC recommended that European Money Markets Institute's Board members should not be appointed as association representatives at the General Assembly meetings to avoid potential conflicts of interest.

Since the implementation of this recommendation in 2020, when members of the General Assembly appoint their representatives, they must indicate in the Appointment of Representatives to EMMI General Assembly form that they agree to comply with the Conflicts of Interest Policy and Procedure.

For the year 2022, the CIOC analysed the following (new/updated) declarations:

- Declarations of interests of the members of the Board of Directors;

- Declarations of interests of the members of the EURIBOR Oversight Committee;
- Declarations of interests of the members of EMMI Staff;
- Declarations of interests of the members of the CIOC;
- Declarations of adherence to the Code of Conduct of the members of the STEP Market Committee.

3.3.2. Representations or complaints made from external parties to The European Money Markets Institute

In 2022, European Money Markets Institute did not receive any representation or complaint on conflict of interests related matters from external parties.

3.3.3. Other internal documents and information

The CIOC assessed the following internal documents:

- Agenda and Minutes of the General Assembly meetings;
- Agenda and Minutes of the Board of Directors meetings;
- Agenda and Minutes of the EURIBOR Oversight Committee meetings;
- Agenda and Minutes of the Audit and Risk Committee meetings.

During the reviewing process, the issue of potential conflicts of interest was regularly discussed and treated with appropriate attention. The CIOC came to the conclusion that the preventive measures and the controls of potential conflicts of interest at the level of the governing bodies of European Money Markets Institute were effective.
