



Conflict of Interest Oversight Committee

Report to the Board of Directors and the General Assembly for the
year 2023



The European
Money Markets
Institute

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Foreword

In 2023, the European Money Markets Institute (EMMI) successfully continued the implementation of robust and sound practices for the prevention, identification, and management of conflicts of interest.

The main focus of the work of the Conflicts of Interest Oversight Committee ('CIOC') during 2023 was to ensure a coherent and appropriate implementation of the Conflicts of Interest Policy and Procedure. The CIOC also continued its role as an oversight body for the management of actual or perceived conflicts of interest at EMMI.

In addition, the CIOC also promoted awareness and best practices at all levels of the European Money Markets Institute.

As Chairman of the CIOC, I thank my colleagues in the Committee for their active contribution. I also thank EMMI's Executive team and the staff members for their support and assistance.

As the results of the CIOC members' self-assessment in 2023 showed, the Committee functions well and has the necessary tools to provide advice and analysis regarding any actual or perceived conflicts of interest that might arise at EMMI.

The CIOC is committed to continuously support EMMI 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

18 April 2024

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

The duties of the CIOC are defined in the CIOC Charter, while the specific activities related to the prevention, identification, and management of conflicts of interest are further detailed in the relevant sections of the Conflicts of Interest Policy and more specifically in the Conflicts of Interest Procedure.

The key activities of the CIOC include:

- Monitoring the effectiveness of EMMI's Conflicts of Interest Policy and Procedure and providing recommendations for the identification, prevention and management of conflict of interest situations to the Board of Directors and to the Oversight Committee (for aspects relating to benchmark operations).
- 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.
- For the purpose of identifying relevant conflicts, considering:
 - communications made by relevant persons;
 - representations or complaints made by external parties to EMMI;
 - 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 its Charter, the CIOC must be composed of at least 3 members (one Chair and two members) chosen among experts with recognized independence, standing and experience in financial markets and/or financial services and/or in financial regulation and control systems.

The following persons were members of the CIOC in 2023:

- **Karel VAN HULLE** (Chairman), originally appointed in February 2014, and reappointed in March 2016, March 2018, February 2020, December 2021 and in December 2023 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, December 2021, and December 2023 each time for a

two-year term. Previously Head of Supervision of Financial Markets, and later 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 and April 2023 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, and expert member of the Insurance Commission in Belgium.

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 2023

The CIOC held two regular meetings in 2023: on 28 March and 12 October. During those meetings, the CIOC:

- evaluated the status of implementation of the recommended actions;
- 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 the Declaration of Interests for 2024;
- reviewed the minutes of the Governing bodies and committees;
- provided additional recommendations to ensure the coherence of terms used in different documents related to conflicts of interest, such as the Mapping of Potential Conflicts of Interest and the Declaration of Interests;
- assessed the status of the implementation of the Conflicts of Interest Policy and Procedure;
- received information about the ongoing review of the Board and its subcommittees Compensation Policy.

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

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

In 2023, the CIOC at each meeting closely monitored the implementation of the Conflicts of Interest Policy and Procedure, as well as the Mapping of conflicts of interest.

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

3.2.1. *Disclosure by relevant persons*

According to the Conflicts of Interest Policy and its Procedure, the CIOC expects that relevant persons communicate their interests through an annual declaration. An exception applies to the members of the General Assembly. In fact, since the members are sitting in the Assembly as representatives of national banking associations, the respective association is responsible for ensuring that conflicts of interest are managed by its representatives in General Assembly meetings.

In order 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 order to avoid potential conflicts of interest, the CIOC recommended in November 2019 that EMMI's Board members would not be appointed as association representatives at the General Assembly meetings. When members of the General Assembly appoint their representatives, they must indicate on the associated form that they agree to comply with the Conflicts of Interest Policy and Procedure. This recommendation has been implemented since 2020.

The CIOC analysed the following (new/updated) declarations of interest for the year 2023:

- 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 the Eferm Oversight Committee;
- Declarations of interests of the members of the 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.

One Staff member who started working at EMMI in January 2023 indicated in his declaration of interest that his wife was appointed to the board of a panel bank. The CIOC appreciated that the Staff member provided timely transparent information in his declaration of interest and agreed that precautionary measures should be taken in order to avoid any actual or perceived conflict of interest resulting from this affiliation. As a result, preventive measures were taken by the management and the staff member such as (but not limited to): prohibition from participating in any communications with representatives of the panel bank; prohibition from maintaining or overseeing any individual exchanges with the panel bank on its contribution to EURIBOR; recusal from discussions that involve specific information related to the panel bank; strictly implementing EMMI confidentiality requirements. These specific measures were defined in a letter co-signed by the CEO and the staff member, committing to fully implement these measures and requirements.

3.2.2. *Representations or complaints made from external parties to EMMI*

In 2023, EMMI did not receive any representation or complaint on conflict of interests related matters from external parties.

3.2.3. *Other internal documents and information*

3.2.3.1. **Minutes of EMMI governing bodies and committees meetings in 2023**

The CIOC analysed the following internal documents:

- Minutes of the General Assembly meetings;
- Minutes of the Board of Directors meetings;
- Minutes of the Euribor Oversight Committee meetings;
- Minutes of the Eferm Oversight Committee meetings;
- Minutes of the Audit and Risk Committee meetings;
- Minutes of the Nomination Committee meetings.

Following their analysis, the CIOC concluded that during the meetings under review, the issue of potential conflicts of interest was regularly discussed and treated with appropriate attention. The preventive measures and the controls of potential conflicts of interest at the level of the governing bodies of EMMI were effective during the period under review.

3.2.3.2. **New appointments and last position changes at EMMI**

At each meeting the CIOC received the information on new appointments and last position changes at EMMI Staff level in 2023. The CIOC also reviewed the updated EMMI Organisational Chart. The CIOC did not identify any conflicting situation in EMMI's organisational chart.

3.3. **Other activities of the CIOC in 2023**

The CIOC Chair provided a compliance awareness training programme on conflicts of interest for the members of the Board of Directors and the Euribor Oversight Committee, as well as for the Staff.

The CIOC members participated in a self-assessment of their activities in the CIOC. The results of the self-assessment were positive and showed that they are well equipped to provide the needed support to EMMI as regards the identification, prevention and management of actual or perceived conflicts of interest.

Following a request from the CIOC, the CIOC received and discussed a risk report on fraud. The CIOC also provided an advice on a potential membership of the Oversight Committee.