

23 August 2019

ACCI

CONFIDENTIAL

## ACCI – Executive director resignation

On 22 August 2019, the EBA Ethics Officer forwarded to the Advisory Committee on Conflict of Interest (ACCI) of the notification by the EBA Executive Director, Adam Farkas, of his resignation from the EBA dated 02 August 2019 (Annex 1). Mr. Farkas will take up the position of Chief Executive Officer of the Association for Financial Markets in Europe<sup>1</sup> (AFME).

In accordance with Article 10 of the EBA Policy on Independence and Decision Making Processes for avoiding Conflicts of Interest (Conflict of Interest Policy) for Staff and other Contractual Parties (EBA DC 104rev1), in the case of actual or potential conflicts of interest of the Chairperson or Executive Director the ACCI shall provide initial advice, including any preventive measure, to the EBA's Management Board.

### Background information

#### EBA Executive Director

Mr. Adam Farkas is the Executive Director of the EBA since 01 April 2012. His responsibilities, listed in his job description (annex 2), are set out in the article 53 of the EBA founding regulation as follows:

- The Executive Director shall be in charge of the management of the Authority and shall prepare the work of the Management Board.
- The Executive Director shall be responsible for implementing the annual work programme of the Authority under the guidance of the Board of Supervisors and under the control of the Management Board.
- The Executive Director shall take the necessary measures, notably the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Authority, in accordance with this Regulation.
- The Executive Director shall prepare a multi-annual work programme, as referred to in Article 47(2).
- Each year, by 30 June, the Executive Director shall prepare a work programme for the following year, as referred to in Article 47(2).
- The Executive Director shall draw up a preliminary draft budget of the Authority pursuant to Article 63 and shall implement the budget of the Authority pursuant to Article 64.

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<sup>1</sup> <https://www.afme.eu/>

- Each year the Executive Director shall prepare a draft report with a section on the regulatory and supervisory activities of the Authority and a section on financial and administrative matters.
- The Executive Director shall exercise in respect to the Authority's staff the powers laid down in Article 68 and manage staff matters.

Furthermore, according to Article 64(1) of the EBA founding Regulation, the Executive Director shall act as authorizing officer and shall implement the Authority's budget.

## AFME CEO

Mr. Farkas has notified that his duties as CEO of AFME would be to advise its Board and prepare its work, to provide overall management of AFME's policy activities and operations, to manage its budget and staff and to represent AFME publicly at conferences and seminars.

AFME is an industry body representing global and European banks and other significant capital market players. It is providing expertise and comments on regulatory and capital market issues. For instance, AFME has regularly provided comments on level 1 and level 2 policy matters such as EBA consultation or discussion papers on prudential regulation, and recovery & resolution. AFME is also a regular contributor to the EBA Q&A process.

The AFME CEO job description that Mr. Farkas he provided states that his key responsibilities will be:

- The executive management of AFME's business and operations, under the authority of the AFME board
- Working closely with the AFME Chairman on governance, strategy and high level meetings
- Attending AFME Board and Executive Committee meetings as required, which occur four and seven times per year respectively
- Recommending the annual strategy for AFME to the Board
- Leading the execution of the approved AFME strategy and ensuring its smooth delivery
- Recommending an annual budget for AFME to the Board, including an operating surplus, and delivering the approved annual budget
- Leading and developing AFME's senior management team, ensuring appropriate professional development, support, and training are provided where required
- Monitoring the performance of the senior management team ASSOCIATION FOR FINANCIAL MARKETS IN EUROPE
- Playing an active role in the work of GFMA, including as a Board member, and attending three board meetings annually
- Establishing and maintaining relationships with CEOs of other trade associations and liaising, as appropriate, to ensure tight coordination and avoid duplication of activities
- Acting as spokesperson for AFME in the media
- Representing AFME in external meetings with policy makers, regulators, and industry executives in the UK and EU
- Establishing and maintaining key relationships with Bank of England, FCA, UK Treasury, 10 Downing Street, and in Europe; key directorates in the EU Commission, key European

- parliamentary contacts, finance ministries in European capitals and national regulators, and key European supervisory bodies, in particular the ECB, ESMA, and EBA
- Hosting AFME meetings and events as required

Mr. Farkas notes that during his work at the EBA, he had occasional meetings with AFME senior management (Chair and CEO) and policy experts in relation to regulatory policy matters. He was also invited to participate to AFME policy committees meetings to discuss regulatory policy issues. These policy discussions mainly involved prudential regulatory and supervisory issues affecting banks with significant wholesale activities in Europe. These meetings have been disclosed in the EBA public meeting register.

## ACCI advice

The ACCI proposes that, during his notice period before leaving the service, Mr. Farkas' tasks and responsibilities be limited to organisational and operational matters. In particular, Mr. Farkas should no longer be involved in the preparation of EBA's prudential and supervisory policies nor have access to confidential information that are outside the scope of the Operations department and Accounting.

The ACCI further advises the Management Board to consider the cost-benefit to the EBA of retaining Mr. Farkas in a purely administrative role, and the duration of such a role. This consideration should also take into account the perception of external stakeholders of Mr. Farkas' continuation of his role with the EBA given the nature of his future employer.

## Annexes

1. Notification
2. Executive Director's tasks and responsibilities as contained in the EBA founding regulation