Resolution on institutions and bodies of the Economic and Monetary Union: preventing post-public employment conflicts of interest

2019/2950(RSP) - 16/01/2020 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on the institutions and bodies of Economic and Monetary Union: preventing post-public employment conflicts of interest.

The resolution was tabled by the Committee on Economic and Monetary Affairs.

Members recalled that Adam Farkas, Executive Director of the European Banking Authority (EBA), accepted his appointment as Chief Executive of the Association for Financial Markets in Europe (AFME) from 1 February 2020 and announced his resignation as EBA's Executive Director with effect from 31 January 2020.

Articles 16 and 17 of the Staff Regulations lay down the principles applicable to staff leaving the institutions and include provisions on the prevention of conflicts of interest. Parliament considered that the Board of Supervisors of the EBA has taken the decision to impose relatively light restrictions on the Executive Director of the EBA which, according to the EBA, address the conflict of interest arising from the acceptance of his new functions at the AFME.

Stressing the importance of an open, efficient and independent European administration for the Union as a whole, Parliament expressed its concern about the conflict of interest resulting from the appointment of the EBA's Executive Director to the post of AFME's Chief Executive as of 1 February 2020. It considered that this post-public employment with no cooling-off period constitutes a risk not only to the reputation and independence of the EBA but to all EU institutions and the European project as a whole.

Members called for the effective and consistent application of the Staff Regulations, in particular Article 16 thereof, which enables EU institutions to turn down a former official’s request to take a specific job if restrictions are not sufficient to protect the legitimate interests of the institutions. They stressed that in the case of Mr Farkas, prohibition of a direct move to AFME might have been considered.

Parliament questioned the decision by the EBA Board of Supervisors and the EBA Management Board to allow Mr Farkas to take up the position of CEO of AFME; calls on them to review their decision.

Members stressed that post-public employment and ‘revolving door’ conflict-of-interest situations are a problem common to all institutions, bodies, offices and agencies across the EU and its Member States. They underlined, therefore, the need for a unified legal framework to efficiently address these issues.

The Commission was invited to put in place a harmonised legal framework for the prevention of conflicts of interest in post-employment to ensure high ethical standards, it being understood that the Union's practices should be brought into line with international standards.

In its review of the post-mandate framework, the Commission should identify specific areas of risk that should be reinforced, including the extension of the possibility to block job changes, and also consider the possible extension of restrictive periods for senior management, proportionate to the particular case, in order to ensure equal treatment in accordance with the Charter of Fundamental Rights of the Union.

The Commission should furthermore extend this examination to pre-mandate conflicts of interest and consider strengthening existing measures, such as the compulsory transfer of interests held in undertakings which fall within the authority of the institution to which the newly appointed official belongs or which are connected with that institution.

Parliament proposed to all Members of the European Parliament and representatives of the European Commission and the Council of the European Union to refrain from any contact with the current Executive Director when he takes up his duties as Director-General of AFME for a period of two years. It invited the services responsible for issuing permanent access passes ("brown badges") to Parliament's buildings to examine Mr Farkas's case in detail, taking into account the possibility of refusing to issue such a badge during that period.

In the review of the post-public employment framework, the Commission is called on to define specific risk areas which might require strengthening, including the expansion of the possibility to block professional moves, and to consider a possible extension of cooling-off periods of senior officials, proportionate to the specific case, to ensure equal treatment in line with the Charter of Fundamental Rights of the European Union.

Parliament called on the Commission to extend this review to pre-public employment conflicts of interest and to consider strengthening existing measures, such as mandatory divestment of interests in undertakings that are subject to the authority of the institution to which a newly appointed official belongs or which have dealings with that institution.

Parliament suggested to all Members of the European Parliament and all representatives of the European Commission and the Council of the European Union that they refrain from contact with the current Executive Director if and when he takes up his position as CEO of AFME for a two-year period. It called on the services responsible for delivering permanent access passes (‘brown badges’) to Parliament’s premises to thoroughly consider Mr Farkas’ case, taking into account the possibility of not granting such a badge for the same time period (two years), in order to avoid a potential conflict of interest.