

Opinion of the Ad Hoc Ethical Committee

TO	Mrs. Day, General Secretary	DATE	24 August 2010
COPY TO	Mr. Hubert Szlaszewski, General Secretariat	FILE REF	
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Re: - Request n° 9 from the European Commission
- Mr. Charles McCreevy

1. By letter of the 22nd of July 2010, the Secretariat General of the European Commission requested the opinion of the Ad Hoc Ethical Committee, on an activity envisaged by Mr. McCreevy, former Commissioner in charge of the Internal Market and Services until the entry in office of the new Commission in 2010.
2. The activity considered is that of non-executive director of NBNK Investments Plc. NBNK Investments PLC will be a financial institution, subject to the approval of the UK regulator, the Financial Services Authority (FSA). Its business plan seems to be to acquire available branches on the retail banking market in the UK.
3. The activity is due to be held for an initial term of 3 years, subject to the Company's Articles of Association.

It is anticipated that there will initially be monthly board meetings, further board meetings to be called at short notice in particular in relation to the Company's acquisition programme. The time commitment may also increase in case of appointment to any Board committees.

The remuneration will consist in a fee of up until the Company has completed its first acquisition, from which date it will rise to

4. In his former term of office as Commissioner, Mr. McCreevy was in charge of the Internal Market and Services. This included the financial services as a whole, including banking and financial conglomerates.

In this respect, Mr. McCreevy was primarily competent for the conception and negotiation of the entire regulatory banking framework in the European Union. This framework became a paramount and priority issue due to the financial crisis, and Mr. McCreevy was in charge of its heavy recast.

It is therefore plain that Mr. McCreevy's envisaged activity is closely linked to his former portfolio as Commissioner in charge of the very sector.

5. It must be further noted that the financial crisis had a major effect in generating a considerable number of State aids to banks. These State aids are notified to the Commission. Some of them are the subject of formal enquiries, where the Commission has doubts on their compatibility with the EU State aid discipline. In such a case, frequent outcome have been major restructuring plans for the aided banks, which could include significant divestitures of business.

These restructuring plans are subject to the Commission's agreement and, although this discipline lies within the portfolio of the Commissioner in charge of Competition, the Directorate for Internal Market and Services and Mr. McCreevy and his cabinet are called to give an opinion and participate in the decisions.

6. The fact that the function is a non-executive has to be considered. It is nevertheless noted that in the present case, the non-executive directors have the same general legal responsibilities to the Company as any other director, and participate in the collective responsibility of the Board. The function includes advising on the Company's strategic aim, and the recurrence of Board meetings suggests that the Company's acquisition programme will be prominent on its agenda.

7. Taking account of the above, the Ethical Committee is of the opinion that, due to the nature of Mr. McCreevy's previous responsibilities as the Commissioner in charge of banks and financial institutions, and also bearing in mind the present sensitivity of this sector, the considered activity is so closely linked to the previous functions as to generate a situation of potential conflict of interest which could not adequately be dealt with by abstaining from certain specific decisions of the Board.

The Committee also believes that exercising the considered activity at this moment in time is likely to put the Commission under significant criticism, in contrast with the discretion called for in these circumstances.

The Ethical Committee is therefore of the opinion that the considered activity is not in conformity with article 245(2) of the Treaty on the Functioning of the European Union.