



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

COURTESY TRANSLATION

Mr Miguel Viegas
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 11 July 2018

Re: Your letter (QZ051)

Honourable Member of the European Parliament, dear Mr Viegas,

Thank you for your letter to Mr Mario Draghi, President of the European Central Bank (ECB), which was passed on by Mr Roberto Gualtieri, Chair of the European Parliament's Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 June 2018. In your letter you raised questions relating to services provided by BlackRock to the ECB. As this topic is related to the ECB's supervisory tasks, the President forwarded your letter to me.

BlackRock provides support to ECB Banking Supervision with regard to stress-testing. The specific arrangements are laid down in a framework agreement which was awarded to BlackRock following a public procurement procedure conducted by the ECB. A contract notice was published in the Official Journal of the European Union on 26 December 2015.¹

Regarding your question as to why the ECB asked for the support of private companies, please note that, to deal with time-critical and resource-intensive projects such as stress tests, ECB Banking Supervision sometimes resorts to external service providers.

When making use of such providers, the ECB carefully considers the risks involved and in particular any potential conflict of interest risks and makes sure that these are mitigated to the greatest extent possible by a number of provisions in the relevant contracts. In the specific case of BlackRock's involvement in stress tests, the company is required to ensure a strict separation between the team supporting the exercise and any other teams advising large financial institutions or investors. Moreover, the BlackRock staff who perform the services under the contracts are also subject to individual confidentiality agreements. Whenever they visit the ECB, they are subject to the ECB's house rules for external staff, which include comprehensive requirements to safeguard the security and confidentiality of information, data and documents concerning the ECB, its staff, the contract and its performance. In this context, any information, data or documents made

¹ <http://ted.europa.eu/TED/notice/udl?uri=TED:NOTICE:456382-2015:TEXT:EN:HTML>.

available to BlackRock staff for the purposes of performing the services under the aforementioned framework agreement are shared using the ECB's information technology (IT) facilities. In other words, at no point in time are ECB information, data or documents accessible from outside the ECB's dedicated IT infrastructure.

Furthermore, the ECB requires BlackRock staff involved in the provision of services under the framework agreement to sign personal confidentiality declarations requiring them (i) not to divulge to unauthorised persons any information, data or documents concerning the ECB, its staff, the contract and its performance, (ii) to use confidential information only for the purpose for which it was disclosed, and (iii) not to use or exploit such confidential information for their own benefit or for the benefit of any other person. Further safeguards exist in the form of cooling-off clauses to ensure that BlackRock staff working on stress tests are not transferred to related projects for a proportionate period of time once their assignments have ended. Moreover, as an ECB contractor, BlackRock Financial Management, Inc. is not permitted to provide services related to stress tests to banks while they are undergoing stress tests or for an appropriate cooling-off period thereafter.

Yours sincerely,

[signed]

Danièle Nouy