



**OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS**

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1. You sought advice from the Advisory Committee on Business Appointments (the Committee) under the Government's Business Appointments Rules for Former Ministers (the Rules) on an appointment you want to take up with J.P. Morgan Chase & Co (JP Morgan). The material information taken into consideration by the Committee is set out in Annex A.
2. The purpose of the Rules is to protect the integrity of the Government. As Chancellor of the Exchequer (Chancellor), you were responsible for matters affecting the financial service sector and are now seeking to work with a company operating specifically in the financial sector.
3. Under the Rules, the Committee's remit is to consider the risks associated with the actions and decisions you made during your time in office, alongside the information and influence you may offer JP Morgan, based on the information provided by you and your former department.
4. The Committee considered whether this appointment was unsuitable given your former role as Chancellor, but the Committee must also consider the information provided by the department about your specific dealings with this employer and the sector. The Committee has advised that a number of conditions be imposed to mitigate the potential risks to the Government associated with this appointment under the Rules; this does not imply the Committee has taken a view on the appropriateness of this appointment for a former Chancellor in any other respect.
5. The Ministerial Code sets out that ministers must abide by the Committee's advice. It is an applicant's personal responsibility to manage the propriety of any appointment. Former ministers of the Crown, and Members of Parliament, are expected to uphold the highest standards of propriety and act in accordance with the 7 Principles of Public Life.

**The Committee's consideration of the risks presented**

6. JP Morgan is an American multinational investment bank and financial services holding company. The Committee noted you met with the CEO of JP Morgan and JP Morgan attended financial roundtables, which you chaired. The meetings were also attended by other senior stakeholders from the financial services sector and HMT confirmed

neither meetings lead to any specific policy decisions. HMT also confirmed that prior to the UK General Election in December 2019, your policy focus was on planning for the impact of leaving the EU without a trade deal. HMT said that after the General Election, this work was no longer as relevant. After the election, HMT said you did not take any significant decisions on financial services policy that would have affected the financial sector and can see no specific risk here.

7. As former Chancellor, the Committee noted you have significant knowledge of fiscal and monetary policy, including taxation and the economic impact of various scenarios in negotiating the UK's exit from the EU. The Committee recognised this information could be perceived to offer an unfair advantage to JP Morgan, though it recognised the risks here are broad, and would likely be seen to be advantageous to any business. On the basis of the information provided by you and HMT, the Committee considered there were potential risks associated with your privileged access to information, which may be seen to benefit any bank or financial services organisation. Including:
  - RBS and 'potentially at risk' firms and
  - HMT's thinking regarding monetary policy, taxation and possible policy approaches to the UK's negotiations on post EU exit.
8. The Committee noted there are several mitigating factors raised by you and HMT which reduce the scope of the above mentioned risks:
  - you are prevented from using market sensitive information on potentially at risk firms, not only due to the conditions below which prevent you from drawing on privileged information, but due to FSMA 2000;
  - HMT consider the risk to be mitigated somewhat by passage of time;
  - the change in economic conditions as a result of the global public health crisis. The information you had access is unlikely to be significantly up to date given recent events, which will significantly impact the economic and political context (as confirmed by HMT); particularly in light of HMT's ongoing decisions to mitigate the effects of the current crisis; and
  - HMT has no concerns about taking up this post.
9. However, there remains a risk you may have privileged insight that could be seen as offering an unfair advantage. The Committee considered the risks under the Rules would likely arise should you advise on matters such as: the UK Government's specific plans for trading relationships or economic recovery in relation to the UK leaving the EU; investment decisions which might draw on information related to potentially at risk firms; and legislative and regulatory matters. However, the Committee noted this in keeping with your role as described, as you confirm you will not advise on the UK's exit from the EU (specifically); nor on JP Morgan's (or its clients) investment decisions; nor legislative and regulatory issues not in the public domain.
10. More generally, the Committee noted, given your role and profile as the former Home Secretary and former Chancellor of the Exchequer, there is a risk it could be perceived your influence might assist JP Morgan. The Committee in particular noted what HMT said about large investment banks' concerns over a 'no-deal' Brexit. While it is not your intention to lobby the Government, the Committee would draw your attention to the restrictions below which prevent you making use of contacts to unfairly advantage your new employer in relation to policy, funding or contractual matters related to the UK Government.

## **The Committee's advice**

11. The Committee<sup>1</sup> recognised that you describe your role, as being limited to:
- the impact of the Covid-19 global public health crisis on the global economy (including the UK);
  - the future direction of the EU and the economies of member states;
  - emerging markets;
  - major industries;
  - legislative and regulatory matters; and
  - geo-politics
12. You confirmed to the Committee you will not give advice on the Government's plans in relation to leaving the EU; nor investment advice. Further, you confirmed you would only advise on matters in the public domain. You told the Committee you would be using general skills and experience gained from your time in government and more widely in the finance sector before you entered ministerial office, to offer your advice. The Committee has advised the specific conditions below, that are in keeping with your description of the work you will carry out.
13. JP Morgan works in an area for which you had direct policy and regulatory responsibility. As Chancellor you had access to sensitive information and responsibility for planning for the impact of leaving the EU without a trade deal. Therefore, the Committee felt it was necessary to put a significant gap between your access to information and you joining JP Morgan. The Committee recognised the opportunity for you to offer an advantage is limited, given the significant changes in the economic landscape; and that you are prevented from drawing on such information and/or advising on said matters by the conditions below. However, to manage the risk you will be seen to offer an unfair advantage, you should be prevented from starting the role for 6 months from your last day in office. This significantly reduces the possible benefit of any information you had access to as Chancellor.
14. Taking into account these factors, in accordance with the Government's Business Appointment Rules, the Committee advises this appointment with **J.P. Morgan Chase & Co** be subject to the following conditions:
- a waiting period of six months from your last day in Ministerial office;
  - that you should not draw on (disclose or use for the benefit of yourself or the organisation to which this advice refers) any privileged information available to you from ministerial office. In the context of this general provision, the Committee considers you should specifically avoid giving J.P. Morgan Chase & Co, or its subsidiaries, partners or clients, privileged insight into the Brexit related issues, insofar as it as it pertains to the negotiating position of the UK Government and other parties to the negotiations prior to the date upon which you left ministerial office, whether generally or regarding fiscal matters;
  - for two years from your last day in ministerial office, you should not become personally involved in lobbying the UK Government on behalf of J.P. Morgan Chase & Co (including parent companies, subsidiaries, partners and clients); nor should you make

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<sup>1</sup> This application for advice was considered by Sir Alex Allan; Jonathan Baume; Dr Susan Liataud ; The Rt Hon Lord Pickles; Richard Thomas; Mike Weir; Lord Larry Whitty and John Wood.

use, directly or indirectly, of your contacts in the Government and/or Ministerial contacts to influence policy, secure business/funding or otherwise unfairly advantage J.P. Morgan Chase & Co (including parent companies, subsidiaries, partners and clients); and

- for two years from your last day in Ministerial office, your role with JP Morgan will be limited to providing advice on the following subjects:
  - the impact of the Covid-19 global public health crisis on the global economy (including the UK);
  - the future direction of the EU and the economies of member states;
  - emerging markets; and
  - geo-politics.

In doing so, you should not advise JP Morgan or its clients on matters that draw on your privileged insight from your time as the Chancellor of the Exchequer, including:

- the UK Government's specific plans for trading relationships or economic recovery, consequent on the UK leaving the EU;
- fiscal policy considered during your time as chancellor;
- legislative and regulatory matters during your time as Chancellor; and
- potentially at risk firms.

14. The Committee also notes that in addition to the conditions imposed on this appointment, there are separate rules in place with regard to your role as a member of the House of Commons.
15. By 'privileged information' we mean official information to which a Minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Ministerial Code or otherwise.
16. The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/Minister "should not engage in communication with Government (Ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to influencing a Government decision, policy or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office." This Rule is separate and not a replacement for the Rules in the house
17. You must inform us as soon as you take up employment with this organisation(s), or if it is announced that you will do so. We shall otherwise not be able to deal with any enquiries, since we do not release information about appointments that have not been taken up or announced. This could lead to a false assumption being made about whether you had complied with the Rules and the Ministerial Code.
18. Please also inform us if you propose to extend or otherwise change the nature of your role as, depending on the circumstances, it may be necessary for you to make a fresh application.
19. Once the appointment(s) has been publicly announced or taken up, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

The Rt Hon Sajid Javid MP

## **Annex A - the material information**

### **The role**

1. You seek to take up a paid, part-time appointment as a Senior Advisor with J.P. Morgan Chase & Co (JP Morgan), an American multinational investment bank and financial services holding company. You do not expect your role to involve contact with the Government. Your role will involve advising on the impact of COVID19 on the UK economy, global economy and emerging markets - you described this as providing advice on:
  - matters related to the economic crisis at the dinner events for JP Morgan and its clients. You think the vast majority of the discussion will be around the impact of the global public health crisis and what it means in terms of UK growth, UK inflation, global economy strengths and weakness;
  - emerging markets more broadly, including political risk in specific countries;
  - the future direction of the EU and the economies of member countries;
  - certain major industries, including financial services, commodities and tech - you wanted to make it clear this would do so without giving direct investment advice and only provide your view based on your general skills, knowledge and experience;
  - geo-politics, especially how the global public health crisis may impact international relationships; and
  - legislative or regulatory issues which are in the public domain.

2. You informed the Committee that before becoming a Minister you worked in international investment banking from 1991-2010. You said 9 or more of these years were spent with Chase Manhattan Bank (which now forms part of JP Morgan). So this is a return to your former career.

### **Your dealings in office**

3. You told the Committee you had no direct dealings with JP Morgan but you did chair two roundtable events on Brexit and the general economy, that were attended by representatives of JP Morgan. You told the Committee you had overall policy responsibility for banking, finance, regulation etc but did not meet with or discuss policy directly with the company. You also confirmed you made no decisions specific to the company. You told the Committee that your view is that, since you left office '*... it is fair to say that COVID crisis has changed priorities significantly for governments and businesses... I left just before the crisis, and had virtually zero insight into COVID related policies, and certainly no insight into COVID related economic responses. All this massively reduces the value of any policies that existed before the crisis. COVID has changed almost everything and I am not in a position to share information on what the govt may or may not do because of the crisis...*'
4. You said that the impact of the public health crisis is the area that JP Morgan will be most interested in; and you will only be able to give general views as you were not in government at the time this was unfolding. You assured the Committee you would not use or disclose commercially sensitive or privileged information in any way, (whether to JP Morgan or any other organisation or person), nor would you lobby or use any contacts within the Government. Further you noted that your contract with JP Morgan would also prohibit this '*...making it clear that JP Morgan is not hiring [you] for this purpose.*'
5. You told the Committee as you had overall responsibility for banking, finance and regulation and you met many banks either at stakeholder events or bilaterally. In regard to your bilateral meetings you can recall meetings with RBS and HSBC (both were general stakeholder meetings). You told the Committee you had access to commercially sensitive information generally and certainly regarding RBS as it is majority government owned. However, you said RBS is not a competitor, as RBS is a UK retail bank.
6. The Permanent Secretary at HM Treasury (HMT) was consulted and confirmed to the Committee you had a bilateral introductory call with Jamie Dimon, CEO of JP Morgan Chase on 14 August 2019. Katharine Braddick, Director General, Financial Services at HM Treasury and your Private Secretary were also on the line. The call covered JP Morgan's preparations for Brexit, the Government's priorities for Brexit ahead of 31 October (which was, at the time, the date the UK was due to leave the EU).
7. HMT also confirmed Daniel Pinto (Co-President and Chief Operating Officer at JP Morgan Chase) attended a financial services roundtable hosted by Mr Javid on Monday 2 September 2019 which covered the readiness of the financial services sector for the UK's exit from the EU; and how to secure the long-term success of the sector. HMT confirmed this was also attended by a range of other senior stakeholders from the financial services sector.
8. In relation to JP Morgan and its relationship with the government more widely, HMT told the Committee that JP Morgan is a Gilt-Edged Market Maker (GEMM) – 'one of the

firms that is appointed support to the primary issuance of government debt and contribute to the liquidity of the secondary gilt market'. HMT said JP Morgan's relationship would primarily have been through the UK Debt Management Office (DMO), the Government's actors in fixed income markets. HMT also added that JP Morgan are one of others on a 'panel' that UK Government Investments (an arm's length body of HMT) use to select firms that may advise or support delivery of their objectives- this could include advice or support for future RBS transactions.

9. In relation to your role, HMT stated that:

- Until the UK General Election on 12 December 2019, the UK's political landscape was largely dominated by Brexit. (HMT also noted that large international investment banks, such as JP Morgan, did not see Brexit as being in their interests and were particularly concerned about the prospect of a 'no-deal' departure.)
- Following the General Election, you did not take significant decisions on financial services policy that would have affected the financial sector.
- The political and economic landscape has changed significantly since you resigned as Chancellor. However, you will be aware of some of HMT's's thinking on the future relationship with the EU, as well as other potential changes to the UK's financial services policy.
- You will have received regular updates on HMT engagement with the financial services sector - HMT said it regularly meets with JP Morgan and other finance services at official and ministerial level to discuss priority issues in financial services. This is part of a wider programme of engagement with the sector. Issues discussed include: Brexit, UK-US economic relations, and UK financial services policy. These regular updates would have contained commercially sensitive information about a wide range of financial services firms, including updates from meetings with JP Morgan
- You held a number of meetings with financial services firms, including both roundtables and some bilateral calls and meetings. This would be expected of any Chancellor. HMT noted that at roundtables, firms would be unlikely to reveal commercial sensitive information in front of competitors. HMT said the bilateral meetings were more likely to focus on '*big picture political issues*' than '*technical and commercially sensitive information*'.
- You were privy to market sensitive information about RBS including plans for sales of the government shareholding. This would have been on issues such as advance notice of results or key appointments (and so would now most likely all be public). Any specific information on plans for possible transactions while you were in office will be out of date but information around the broad strategy for disposals could still be seen as market sensitive. However, HMT said the passage of time (and significant changes in economic circumstances) would mean that this information will, to a large extent, be out of date or already public.
- You would have had meetings with significant stakeholders for JP Morgan including financial services regulators, CEOs and Chairmen of JP Morgan's competitors, and overseas finance ministers.

10. In regards to the Financial Sector, HMT said over the period that you were Chancellor

of the Exchequer:

- you would have been privy to sensitive information related to specific financial institutions in line with HM Treasury's financial stability objective; and the information that you would have had access to was shared through a confidential information gateway. This gateway is explicitly set out in legislation: Regulation 3 of the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001, with section 348 of FSMA 2000 highlighting the restrictions on disclosure, which if not adhered to may constitute a criminal offence
- *'Not all of the information that [you were] privy to can safely be assumed to be no longer confidential with the passage of time – in particular, the underlying causes of risks to certain 'potentially at risk' firms could still remain extremely sensitive'.*

11. HMT wanted to remind you, you remain subject to your obligations for handling market sensitive information and draw attention to the disclosure restrictions set out in section 348 of FSMA 2000 in relation to information you had access to as Chancellor. HMT said it has no concerns with this appointment, as following the General Election, you did not take significant decisions on financial services policy that would have affected the financial sector. In addition, the recent public health crisis has significantly changed policy in this area, noting this will make a lot of the policy information you had access to *'redundant'*.

12. The Home Office was also contacted, given your former role as Home Secretary. It said it had identified no contractual links or spend with JP Morgan in the last few years. JP Morgan is not set up on any of its systems to receive payments. To the best of its knowledge you did not meet with JP Morgan or competitors, been privy to information etc. It can't see any reason why you would have met or been involved in any decisions/been privy to information which would benefit JP Morgan over its competitors.