



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

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August 2024

**BUSINESS APPOINTMENT APPLICATION: David Quarrey CMG, Ambassador to NATO. Paid appointment with HSBC Group.**

1. Mr Quarrey sought advice from the Advisory Committee on Business Appointments (the Committee) under the government's Business Appointments Rules for Former Crown Servants (the Rules) on his proposal to work with HSBC Group (HSBC) as Managing Director, Group Head of Public Affairs.
2. The purpose of the Rules is to protect the integrity of the government. The Committee has considered the risks associated with the actions and decisions Mr Quarrey made during his time in office, alongside the information and influence he may offer HSBC. The material information taken into consideration by the Committee is set out in the annex.
3. The Committee considered whether this appointment was unsuitable given Mr Quarrey's role as Ambassador to NATO and his proposed role with HSBC to lead a global public affairs team. The Committee must also consider the information provided by his former departments about his specific dealings with this employer and the sector.
4. 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. The Committee's advice is not an endorsement of the appointment.
5. The Rules<sup>1</sup> set out that Crown servants must abide by the Committee's advice. It is an applicant's personal responsibility to manage the propriety of any

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<sup>1</sup> Which apply by virtue of the Civil Service Management Code, The Code of Conduct for Special Advisers, The King's Regulations and the Diplomatic Service Code.

appointment. Former Crown servants 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 risk presented

6. HSBC is the largest bank in Europe and Mr Quarrey said its Public Affairs Team aims to understand and anticipate international geo-political, economic and regulatory issues and how they might affect HSBC's business. As a national financial institution, HSBC is regulated by the Financial Conduct Authority<sup>2</sup>. HSBC is a significant stakeholder of several government departments, including Mr Quarrey's former department, the Foreign, Commonwealth and Development Office (FCDO).
7. Mr Quarrey, in his role as Ambassador to NATO, did not have any dealings with financial services institutions. Although there is a relationship between FCDO and HSBC, this is currently limited to government's work on private capital mobilisation with HSBC. This work is separate from NATO and Mr Quarrey's role in office. Mr Quarrey did not make any policy, regulatory or commercial decisions that would have specifically affected HSBC, nor did he meet with the company in his role as Ambassador to NATO. Mr Quarrey met with HSBC in his previous role as the Prime Minister's International Affairs Adviser and Deputy National Security Adviser. However, the Cabinet Office said that these interactions were limited, and he did not make any decisions specific to HSBC. Therefore, the Committee<sup>3</sup> considered that the risk that this role could be seen as a reward for his decisions in office is low.
8. There is an overlap between Mr Quarrey's role in office and his role with HSBC given that both focus on geopolitical issues and public affairs relates to government relations and influencing public policy. The FCDO considered risk general in nature. The Committee agreed the risks associated with Mr Quarrey's access to information are limited because:
  - his role as Ambassador to NATO was mainly focussed on Euro-Atlantic security and the delivery of the UK's priorities and objectives within NATO. Whilst relevant to any major corporate entity, is not specific to HSBC or any other financial institution;
  - the geopolitical landscape is fast moving and much of Mr Quarrey's role in office was in reaction to specific security events, for example, crises in Israel, Gaza, Russia and Ukraine. Therefore, the risk that his access to information is sufficiently up to date, is low;
  - FCDO said little of Mr Quarrey's knowledge is commercially relevant to

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<sup>2</sup> The Financial Conduct Authority is an arm's length body of His Majesty's Treasury

<sup>3</sup> This application for advice was considered by Andrew Cumpsty; Isabel Doverty; Sarah de Gay; The Rt Hon Baroness Jones of Whitchurch; Dawid Konotey-Ahulu CBE; The Rt Hon Lord Eric Pickles; Michael Prescott; and Mike Weir. Hedley Finn OBE was unavailable.

HSBC;

- the UK's overall policy approach to global and UK security issues are in the public domain in the 2021 Integrated Review<sup>4</sup>, the 2023 Integrated Review Refresh<sup>5</sup> and the 2024 Defence Command Paper<sup>6</sup>.

9. There are inherent risks associated with any senior official joining a major financial institution that undoubtedly seeks to influence government, whether in respect of regulation in financial services, or in relation to government's funding/investment priorities. Government is a stakeholder in HSBC's business and has a pre-existing relationship with government departments. Mr Quarrey noted that he is likely to have contact with government. For example, he would like to be able to attend meetings convened by the government for its stakeholders in financial services, briefings on international and regional issues, or meetings with UK Ambassadors overseas where HSBC operates. There is a significant risk that he could be seen to unfairly use his network as a former Ambassador to offer unfair access to government. In accordance with the lobbying ban that applies under the government's Rules for two years on leaving office, Mr Quarrey must be careful not to engage in activity that could reasonably be seen as seeking to influence government. That includes actively initiating contact, though he can engage with the government and UK Ambassadors at their request.

10. Mr Quarrey told the Committee this proposed role with HSBC will not involve any lobbying by him for two years following his departure from Crown service. He noted that any work with government during this time could be carried out through established channels and contacts, and any lobbying activities would fall to others within the organisation. Although it is not Mr Quarrey's intention to lobby, given this is a public affairs role, the Committee sought confirmation from HSBC that Mr Quarrey's role would be separated from its lobbying activities (in respect of the government) and that would ensure compliance with the Rules and this advice.

11. It is significant that HSBC informed the Committee it will require Mr Quarrey to comply with advice set out here, including to ensure that he does not engage in any lobbying of government during the two year period he is subject to the Rules. HSBC confirmed any engagement of this nature would continue to be carried out by other HSBC senior executives and not Mr Quarrey.

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<sup>4</sup> <https://www.gov.uk/government/collections/the-integrated-review-2021>

<sup>5</sup> <https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world>

<sup>6</sup> <https://www.gov.uk/government/publications/defence-command-paper-2023-defences-response-to-a-more-contested-and-volatile-world>

12. There remains the risk that part of Mr Quarrey's role with HSBC involves developing and maintaining a network of senior contacts internationally through which to represent the bank's views and interests. Given his international role as Ambassador to NATO, Mr Quarrey undoubtedly has amassed a wide network of contacts external to the UK government. It would be improper for Mr Quarrey to use contacts gained in office but external to the UK government for the unfair advantage of HSBC in helping the organisation gain business.

#### The Committee's advice

13. For the reasons set out above, the Committee considered the risks associated with Mr Quarrey's access to information are limited. The most significant risk in his case is that he could be seen to be offering unfair access to, and influence within, the UK government. The Committee considered that given the public affairs focus of this role, and the interest HSBC has in the UK government's decisions, it was necessary for HSBC to confirm compliance with the advice. The Committee gave weight to the employer's confirmation that it understands the importance of the Rules, will abide by the conditions placed on Mr Quarrey below and require him to do so.

14. However, given the focus of the role on public affairs and engagement, the Committee's advice is that Mr Quarrey should have no direct engagement with the UK government on behalf of HSBC. Mr Quarrey noted that there may be times that the government wishes to contact HSBC; any contact initiated by the government would not be contrary to Rules or the Committee's advice.

15. The Committee determined the risks identified in this application can be appropriately mitigated by the conditions below. These seek to prevent him from making improper use of his privileged access to information, contacts and influence from his time in office, alongside his ongoing duty of confidentiality and other provisions.

16. The Committee's advice in accordance with the government's Business Appointment Rules is that this role with **HSBC Group** be subject to the below conditions:

- he should not draw on (disclose or use for the benefit of himself or the persons or organisations to which this advice refers) any privileged information available to him from his time in Crown service;
- for two years from his last day in Crown service, he is permitted to report to government and its arm's length bodies on the activities of HSBC Group and enter into discussions/meetings with the UK government or its arm's length bodies where it is at the request of the UK government or

its arm's length bodies. However, he should not become personally involved in initiating contact with the UK government or lobbying the UK government on behalf of HSBC Group (including parent companies, subsidiaries, partners and clients); nor should he make use, directly or indirectly, of his contacts in the government and/or Crown service to influence policy, secure business/funding or otherwise unfairly advantage HSBC Group (including parent companies, its subsidiaries, partners and or clients);

- for two years from his last day in Crown service, he should not provide advice to HSBC Group (including parent companies, subsidiaries, partners and clients) on the terms of, or with regard to the subject matter of, a bid with, or contract relating directly to the work of the the UK government or any of its arm's length bodies;
- for two years from his last day in Crown service, he should not become personally involved in lobbying contacts he developed during his time in office in other governments and organisations for the purpose of securing business for HSBC Group (including parent companies, subsidiaries and partners).

17. The advice and the conditions under the government's Business Appointment Rules relate to Mr Quarrey's previous roles in government only; they are separate from rules administered by other bodies such as the Office of the Registrar of Consultant Lobbyists, the Parliamentary Commissioner for Standards and the Registrar of Lords' Interests<sup>7</sup>. It is an applicant's personal responsibility to understand any other rules and regulations they may be subject to in parallel with this Committee's advice.

18. 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/Civil Service Code or otherwise.

19. 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*

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<sup>7</sup> All Peers and Members of Parliament are prevented from paid lobbying under the House of Commons Code of Conduct and the Code of Conduct for Members of the House of Lords. Advice on obligations under the Code can be sought from the Parliamentary Commissioners for Standards, in the case of MPs, or the Registrar of Lords' Interests, in the case of peers.

*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."*

20. Mr Quarrey must inform us as soon as he takes up this work or if it is announced that he will do so. Similarly, he must inform us if he proposes to extend or otherwise change his role with the organisation as depending on the circumstances, it might be necessary for him to seek fresh advice.
21. Once this appointment has been publicly announced or taken up, we will publish this letter on the Committee's website.

Jess Barrow  
**Committee Secretariat**

## **Annex - material information**

### The role

1. HSBC's website says that it is one of the world's largest banking and financial services, covering 62 countries and territories in Europe, Asia, the Middle East and Africa, North America and Latin America. Its present form was established in London by the Hongkong and Shanghai Banking Corporation (HSBC). Its customers include individual savers, investors, companies, governments and international organisations. HSBC's services cover 3 main areas:
  - Wealth and personal banking
  - Commercial banking
  - Global banking and markets
2. HSBC has a dual primary listing on the Hong Kong Stock Exchange and London Stock Exchange and is a constituent of the Hang Seng Index and the FTSE 100 Index. It has secondary listings on the New York Stock Exchange, and the Bermuda Stock Exchange.
3. Mr Quarrey wishes to take up a full time, paid position as Managing Director, Group Head of Public Affairs with HSBC. Mr Quarrey said that the role is based in London and will lead much of HSBC's work with policy-makers internationally, focusing on geo-politics, the global economy and national/international regulation. He said that as one of the world's leading international banks (noting it is the only non-US bank deemed to be in the

top tiers of globally systemic importance), and the biggest bank in Europe, these issues are vital to the continued success and sustainability of HSBC.

4. Mr Quarrey said the role will involve:
  - leading a global public affairs team working on these issues, reporting to the Group Chief Communications and Brand Officer and working closely with the Group Chairman, CEO and leadership team;
  - understanding and anticipating international geo-political, economic and regulatory issues and how they might affect HSBC's business; and
  - developing and maintaining a network of senior contacts internationally through which to represent the bank's views and interests.
  
5. Mr Quarrey said that because the government is a stakeholder in HSBC's business and has an extensive pre-existing relationship with many government departments, he expects that his role will involve some contact with government. Mr Quarrey said that it is highly unlikely that he will have any contact with NATO. Mr Quarrey said his contact with government will not be lobbying, and might include attending:
  - meetings convened by government for financial services stakeholders,
  - government functions to promote the UK as a leading global financial centre,
  - briefings on international or regional issues offered by FCDO or other departments to UK companies, and
  - meetings with UK ambassadors where HSBC operates to understand UK priorities and analysis of the situations in those countries.
  
6. Mr Quarrey said he would not initiate contact with government and discussion of HSBC's interests in government policy would be handled through HSBC's other contacts.

#### Correspondence with HSBC

7. HSBC was contacted by ACOBA about adherence with its advice and HSBC provided the following confirmation:

*'The Group Head of Public Affairs leads a team which helps HSBC understand and manage international geo-political, regulatory, and economic issues. HSBC understands the importance of the Business Appointment Rules for Former Crown Servants. The company will require Mr Quarrey to comply with any conditions advised by ACOBA. Mr Quarrey will not engage in any lobbying of the government during the period of two years after leaving his government role. HSBC has arrangements in place to manage its relations with the government and any engagement of this nature would be carried out by other HSBC senior executives.'*

### Dealings in office

8. In his role as Ambassador to NATO, Mr Quarrey said that he did not meet with HSBC, nor did he make any policy, regulatory or commercial decisions that would have affected HSBC specifically. Mr Quarrey said that he did not have any dealings with any financial service institutions.
9. In Mr Quarrey's role as the Prime Minister's International Affairs Adviser and Deputy National Security Adviser (from 2019- April 2022), he said that he had limited interactions with HSBC:
  - he met the Chairman of HSBC twice in 2020 in relation to senior-level briefings by external experts as part of HSBC's preparations for its response to government's Integrated Review<sup>8</sup> on defence and security, published in 2021, and the UK's policy toward China.
  - he met the previous Group Head of Public Affairs, who at the time was Sir Sherard Cowper-Coles, twice or possibly three times. They met to discuss government and HSBC perspectives on the Integrated Review (published in 2021) and other international policy issues including government policy on China and the Middle East.
  - Mr Quarrey confirmed there was no discussion of grants or contracts or regulation – his role as Deputy NSA did not cover those kinds of issues.

### Departmental assessment

10. The National Security Service and the Cabinet Office were consulted on this application given Mr Quarrey's previous role as the Prime Minister's International Affairs Adviser and Deputy National Security Adviser (from 2019- April 2022).
11. FCDO said:
  - a. the vast majority of Mr Quarrey's work was Euro-Atlantic security issues.
  - b. he did not make any decisions in office that would have affected HSBC specifically.
  - c. Mr Quarrey had access to information about a range of global and UK security issues. However, this was mainly focussed on Euro-Atlantic security and its implications for the UK. While some of that material is sensitive and protected, little of it is commercially relevant to HSBC.
  - d. UK policy in these areas is in the public domain via. the 2021

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<sup>8</sup> <https://www.gov.uk/government/collections/the-integrated-review-2021>



Integrated Review, the 2023 Integrated Review Refresh and the 2024 Defence Command Paper.

- e. Mr Quarrey did not meet with HSBC in his role as Ambassador to NATO and that his interactions with the bank in his previous roles (at the Cabinet Office) were limited.
- f. FCDO's current contact with HSBC is currently limited to government's work on private capital mobilisation with HSBC. This work is separate from NATO and Mr Quarrey's work.

12. Additionally, FCDO said it would be 'strange' to exclude, for example, the possibility of Mr Quarrey attending a function organised by government to promote the UK's global financial services industry, or to have contact with government representatives abroad which might help achieve government objectives, provided a clear separation is maintained between that and any action to lobby specifically on HSBC interests.

13. Both departments recommended the standard conditions.