



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: Lord Edward Udney-Lister Kt, former Senior Strategic Adviser (Special Adviser) to the Prime Minister - Senior Adviser at HSBC

1. Lord Udney-Lister 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 an appointment he wishes to take up with HSBC Holdings plc (HSBC). The material information taken into consideration by the Committee is set out in the annex.

2. The purpose of the Rules is to protect the integrity of government. As a Senior Special Adviser to the Prime Minister in No.10, Lord Udney-Lister was responsible for strategy at the highest levels of government. Under the Rules, the Committee's remit is to consider the risks associated with the actions taken and decisions made by Lord Udney-Lister during his time in service, alongside the information and influence he may offer HSBC, based on the information provided by him and his former department.

3. The Committee considered whether this appointment was unsuitable given Lord Udney-Lister's former role at No.10 - particularly given his seniority and the breadth of the proposed role. However, the Committee must also consider the information provided by the department about his specific dealings with this employer and the sector. The Committee has advised that a number of conditions be imposed to mitigate the potential risks government associated with this appointment under the Rules; this does not imply the Committee has taken a view on the appropriateness of this appointment in any other respect.

4. The Rules set out that Crown servants must abide by the Committee's advice¹. It is an applicant's personal responsibility to manage the propriety of any

¹ Which apply by virtue of the Civil Service Management Code, The Code of Conduct for Special Advisers, The Queen'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 risks presented

5. HSBC is a British multinational investment bank and financial services company. Lord Udny-Lister described his role as Senior Adviser to the Non-Executive Group Chairman HSBC (Mark Tucker). He said it would be assisting the Non-Executive Group Chairman and undertaking specific projects on behalf of the Board. He stated his focus would be on its work in the Far East and its second headquarters in Hong Kong; and would involve no contact or lobbying of the UK government.

6. Lord Udny-Lister was one of the most Senior Special Advisers to the Prime Minister in No.10. The Committee noted he will have significant knowledge of privileged material from his time in office, particularly in relation to its position on the UK's exit from the EU - the major focus for No.10 before he left post. The application made to the Committee suggests there is no direct overlap with his role and he was not actively involved in relevant policy or decisions. However, the Committee agrees with the Cabinet office that there are significant risks associated with the seniority and broad scope of his role at No 10 and access to information. In this regard, there is a risk his access to wider information while in government could offer an unfair advantage to any organisation.

7. The Committee noted there are several mitigating factors which reduce the scope of the risk his access to information will offer HSBC any significant unfair advantage:

- He is prevented from using sensitive information by a number of formal restraints, as well as the Government's Rules - including the Official Secrets Act (which protect certain categories of information), and by his duty of confidentiality owed to the Crown. As a former Special Adviser, he is also required to confirm in writing to his department that he recognises that he continues to be bound by these provisions of the criminal law.
- HM Treasury is responsible for the policy and regulation of financial services.
- The Cabinet Office has said it has no concerns about specific decisions or access to information, subject to imposing conditions which prevent his use of privileged information; prevent him from lobbying the government on behalf of HSBC and his observing a gap between his last day and taking up this post.

8. However, it remains the case that all government policy is the responsibility of the PM and No.10 - including that which affects the financial services industry and HSBC. Lord Udny-Lister held a senior, high profile role in No.10. The Committee's view is that whilst there are mitigating factors, there remains a risk Lord Udny-Lister may have privileged insight and influence that could be seen as offering an unfair advantage. The unknown nature of any projects/clients he may be asked to work with also raises risks it may conflict with his responsibilities in office.

9. The Committee also took into account that Lord Udney-Lister continued to have access to government in some capacity for two months after leaving office, a Special Envoy to the Gulf. However, the Committee noted the Cabinet Office consulted with the National Security Secretariat and said there is no known conflict with his short term duties in this role and his proposed role advising the Non-Executive Group Chairman of HSBC.

The Committee's advice

10. The Committee considered the risks associated with his broad involvement in policy at No.10. However, the Cabinet Office has confirmed there were no decisions he made that were specific to HSBC. Therefore, the Committee agrees with the Cabinet Office - there is no evidence he took actions or made decisions in office in expectation of being offered this role.

11. Lord Udney-Lister has made it clear he does not intend to lobby the government in this role. However, the Committee wishes to make it explicit that it would be inappropriate for him to use contacts gained in office (directly or indirectly) to the advantage of HSBC - and that he must not engage directly with UK government² or its arms length bodies; nor the Chinese Government on behalf of HSBC. This helps to mitigate the risk he may be seen to offer HSBC any unfair access to the government in relation to its interests in the UK and China - given its second headquarters in Hong Kong and significant interests there. The Committee also advises that Lord Udney-Lister must not be involved in any work HSBC may seek to take up with the government, whether commercial bids for work, or for funding.

12. Given the unknown nature of some of the work he conducts for HSBC, the Committee considered it would be appropriate to impose a condition to prevent him from advising HSBC where it involves working on matters he had any involvement with in office.

13. The Committee also considered it necessary for there to be a gap between Lord Udney-Lister's access to influence and information and his starting a role with HSBC - to manage the real and perceived risks associated. The Committee recognised the opportunity for him to offer an unfair advantage is limited as he will be prevented from drawing on such information; as a former Special Adviser, he is subject to an ongoing duty of confidentiality; and he is prevented from lobbying the government on HSBC's behalf. In reaching its decision on the appropriate gap, it had in mind the expected minimum waiting period for the most senior officials in departments of three months (under the Government's Business Appointment Rules); the specific risks associated with the overlap in his interests whilst he was in office; and HSBC's confirmation that it had read and understood this advice and would make appropriate arrangements for HSBC to meet the conditions set below.

14. Taking into account these factors, in accordance with the Government's Business Appointment Rules, the Committee's advice to the Permanent Secretary is that this appointment with **HSBC** be subject to the following conditions:

² For the avoidance of doubt the Committee wished to make it clear that Special Advisers are part of government.

- a waiting period of six months from his last day in Crown service;
 - 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. In the context of this general provision, the Committee considers he should specifically avoid giving HSBC Holdings plc, or its parent company, subsidiaries, partners or clients, privileged insight based on information from his time in Crown service into Brexit related issues, insofar as it as it pertains to UK's negotiating strategy post its departure from the EU;
 - for two years from his last day in Crown service, he should not become personally involved in lobbying the UK government and its arm's length bodies on behalf of HSBC Holdings Plc (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, pursue or resolve a dispute, secure business/funding or otherwise unfairly advantage HSBC Holdings plc (including parent companies, subsidiaries, partners and clients);
 - for two years from his last day in Crown service he should not have any contact on behalf of HSBC Holdings PLC with the No.10/Prime Minister's Office or any part of the Chinese government.
 - for two years from his last day in Crown service he should not undertake any work with HSBC Holdings plc (including parent companies, subsidiaries, partners and clients) that involves providing advice on the terms of, or with regard to the subject matter of a bid with, or contract relating directly to the work of, the UK government and its arms length bodies; and
 - for two years from his last day in Crown service, he should not advise HSBC Holdings plc or its clients on work with regard to any policy he had any involvement or responsibility for as a Special Adviser at No.10, or where he had contact with the relevant client during his time as Special Adviser at No.10.
14. The Committee also notes that in addition to the conditions imposed on this appointment, there are separate rules in place with regard to his role in the House of Lords.
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. As with all Special Advisers, the Committee makes this recommendation on the understanding that, if he has not already done so, Lord Udny-Lister must confirm in writing to his department that he recognises that he continues to be bound by the provisions of the criminal law (including the Official Secrets Act) which protect certain categories of information, and by his duty of confidentiality owed to the Crown.
18. Lord Udny-Lister must inform us as soon as he takes up employment with this organisation, or if it is announced that he 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 he has complied with the Rules. Please also inform us if proposes to extend or otherwise change the nature of his role as, depending on the circumstances, it may be necessary for him 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.

Yours Sincerely,

Cat Marshall
Committee Secretariat

Annex - Material information

The role

1. HSBC Holdings plc is a British multinational investment bank and financial services holding company. It is the second largest bank in Europe. Its present form was established in London by the Hongkong and Shanghai Banking Corporation (HSBC). HSBC has a dual primary listing on the Hong Kong Stock Exchange and London Stock Exchange (it has secondary listings on the New York Stock Exchange, and the Bermuda Stock Exchange).
2. There is a known relationship between HSBC and the government as a major financial institution with headquarters in London. For instance, the Bounce Back Loan Scheme, a government guarantee loan designed to support small to mid businesses impacted by COVID-19 looking to borrow between £2 - £50,000.
3. Lord Udny-Lister sought advice on joining HSBC as a Senior Adviser to the Non-Executive Group Chairman of HSBC (Mark Tucker). He noted that the Chairman asked him to take on this role and he has known the Chairman personally for some time (outside his time at no.10). He described the role as assisting the Non- Executive Group Chairman and undertaking specific projects on behalf of the Board. He stated '*...the majority of the Bank's work I will be involved in is in the Far East and the second HQ is in Hong Kong*'. He noted the role will not require lobbying the government, nor will he be expected to do any, nor have any contact with the government. He said his duties would include:
 - bespoke briefing and training programme on the firm's global operations, delivered in weekly segments;
 - introductory meetings with the firm's leaders in the UK, HK and key overseas markets, visiting those markets wherever possible;
 - familiarisation with appropriate key global clients of the investment bank;
 - provision of oral and written advice on current issues to colleagues within the firm, from the Board down, and to selected clients; and
 - work to develop a role as 'ambassador-at-large' for the firm.
4. Lord Udny-Lister confirmed he did not meet with HSBC during his time at No.10. He said he had no involvement in policy decisions or development relevant to the company, though he did have '*...general exposure to the issues surrounding Hong Kong and the restrictions imposed on HSBC by USA regulations*'.
5. HSBC contacted the Committee to confirm that those at HSBC had '*...read and understood the conditions placed by ACOBA on the provision to HSBC.....and that appropriate arrangements are in place to ensure, in so far as it is within our power to do so, that the provision of [Lord Udny-Lister's] services to the HSBC Group meets those conditions.*'

Views from the department

6. The Cabinet Office confirmed the information provided by Lord Udny-Lister.
7. The Cabinet Office noted that HSBC is a key stakeholder to the government as a major British bank. In regard to his access to information, the Cabinet Office stated that given the seniority of Lord Udny-Lister's official role, he would have seen a wide range of information whilst in post that may or may not be relevant to HSBC.
8. The Cabinet Office noted that though he was offered this role through his personal contacts, he had no official dealings with HSBC or the wider sector and made no decisions in relation to HSBC so it considered it was '*...unlikely this role will be perceived as a reward*'.
9. In addition the Cabinet Office confirmed that he held a role as Special envoy to the Gulf after leaving office for two months, after leaving office. It said the purpose was to provide advice to the Prime Minister about ambitions for the UK's relations with the Gulf. The terms of reference included: (albeit in reality the role was only undertaken for a short period and focussed on Sherpa-ing the India visit):
 - Engaging in direct diplomacy with Gulf partners, driving forward priority issues, as a representative of the Prime Minister.
 - Advocating for and identifying major UK prosperity opportunities in support of the PM's prosperity and levelling up agenda.
 - Acting - alongside the NSA and deputies as required - as Sherpa for major PM engagements in the region or with leaders such as inward visits by Heads of State.
 - Lobbying in support of the work of other Special Envoys and the delivery of foreign policy priorities, such as on girls education or humanitarian assistance.
 - Leading on additional priority issues outside of the Gulf (special projects) as directed by the Prime Minister.
 - Geographically the role focused on the Gulf (KSA, UAE, Qatar, Bahrain, Oman & Kuwait). However, it included acting as sherpa for the PM's India visit.
10. The Cabinet Office said there was no direct conflict with Lord Udny-Lister's time in office, recognising his general access to information. The Cabinet office also confirmed it saw no conflict arising from his role as Special Envoy to the Gulf and this role, having consulted with the National Security Secretariat.
11. The Cabinet Office recommended restrictions on the use of privileged information and an appropriate lobbying ban. The department also recommended that a break between his last day in post and first day in the new role may also be advisable given the applicant's access to a wide range of information.

12. Separately, the Cabinet Office also confirmed that whilst in office Lord Udny-Lister continued to hold several roles/interests which which were declared to government:

- He was a Non Executive Director role at Stanhope PLC.
- He was a Member of the Advisory Board at Delancey Real Estate.
- He held a paid role as Company Director of Edward Lister Consultants Ltd this company remained active to receive payments from other work, but he did not seek or undertake any new work for this company in the period in question.
- He held shareholdings in Stanhope PLC.

It said his hours as a Special Adviser were reduced to reflect these additional roles and his remit focused on international and overseas policy as these were not considered to be a conflict with the outside roles he held.