



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Ms Sophia in 't Veld  
Mr Frank Engel  
Mr Josef Weidenholzer  
Members of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 10 April 2018

L/MD/18/129

**Re: Your letter (QZ-016)**

Honourable Members of the European Parliament,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 6 March 2018.

As I had the opportunity to explain in my previous letters to you and your honourable colleagues, the ECB has been monitoring several operations set up by the Magyar Nemzeti Bank from the perspective of compliance with Article 123 of the Treaty on the Functioning of the European Union (TFEU).<sup>1</sup> This monitoring encompasses the network of foundations established by the central bank with the stated purpose of promoting financial literacy, including their investment strategy.

As stated in the ECB's Annual Report for 2017<sup>2</sup>, last year the Magyar Nemzeti Bank had taken several steps to alleviate the concerns expressed by the ECB. Consequently, the recommendation included in the ECB's Annual Report for 2016 — that the Magyar Nemzeti Bank should ensure the central bank resources conferred on its network of foundations not be used, directly or indirectly, for state financing purposes — has not been repeated. However, in view of the multitude, scope and size of the Pallas Athene programmes established by the Magyar Nemzeti Bank, the ECB will continue its close monitoring of the operations conducted by the central bank and its foundations.

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<sup>1</sup> Most recently, in my letter to you dated 29 August 2017, available on the ECB's website at: [http://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter170830\\_intVeld.en.pdf](http://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter170830_intVeld.en.pdf).

Should the findings of this monitoring show that the operations of the foundations circumvent the prohibition of monetary financing, the ECB would consider taking appropriate action. In that context, the ECB would also consider whether it is appropriate to initiate infringement proceedings under Article 271(d) of the TFEU and Article 35.6 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank.

Yours sincerely,

[signed]

Mario Draghi

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<sup>2</sup> See <https://www.ecb.europa.eu/pub/annual/html/ar2017.en.html>.

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)