



EUROPEAN CENTRAL BANK

**OPINION OF THE EUROPEAN CENTRAL BANK****of 14 August 2002****at the request of Sveriges Riksbank****on a draft legislative proposal to amend the Sveriges Riksbank Act (1988:1385) with regard to the collection of balance-of-payments statistics and the liquidity criterion for securities used in monetary policy operations****(CON/2002/21)**

1. On 3 June 2002, the European Central Bank (ECB) received a request from Sveriges Riksbank for an opinion on a draft proposal to amend the Sveriges Riksbank Act with regard to the collection of balance-of-payments statistics and the liquidity criterion for securities used in monetary policy operations (the 'legislative proposal').
2. The ECB's competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community and the third and fourth indents of Article 2(1) and Article 2(2) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions<sup>1</sup>, as the legislative proposal contains provisions concerning Sveriges Riksbank, the collection, compilation and distribution of monetary, financial, banking, payment systems and balance-of-payments statistics, and instruments of monetary policy. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council of the ECB has adopted this opinion.
3. Some of the amendments suggested in the legislative proposal refer to a change in the data collection system and to a clarification of the reporting requirements for balance-of-payments statistics. The proposed legislative change has become necessary due to, inter alia, the replacement of the so-called BOK system for reporting individual foreign payments via Swedish banks for balance-of-payments purposes with a questionnaire-based system for the collection of data with effect from 1 January 2003. In relation to the collection of information from individual reporters, the explanatory text of the legislative proposal states that the new system does not entail any changes in the duty to provide the Riksbank with the information

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<sup>1</sup> OJ L 189, 3.7.1998, p. 42.

needed for its balance-of-payments statistics as set out in the second paragraph of Chapter 6, Article 9 of the Sveriges Riksbank Act. As is also explained, the reporting of financial markets statistics will remain unchanged. The ECB has no objection to the replacement of the BOK system with a new questionnaire-based system.

4. The explanatory text accompanying the legislative proposal further explains that, in connection with the switch to the new data collection system, Sveriges Riksbank has decided that some parts of the new process will be transferred to the central statistics authority in Sweden, *Statistiska centralbyrån* (Statistics Sweden). The explanatory text points out that Sveriges Riksbank will continue to have the main responsibility for balance-of-payments statistics, covering the publication and distribution of these statistics, their quality, documentation and reporting to international bodies. The new system for the collection of balance-of-payments statistics is scheduled to enter into force on 1 January 2003 and the Riksbank has commissioned Statistics Sweden to produce parts of the balance-of-payments statistics (trade in services and transfer payments, as well as some parts of the financial account) for a period of one year, which may then be extended. Moreover, it follows from the legislative proposal that the new system does not entail any changes in the obligation for credit institutions and other third parties to provide information to the Riksbank for its balance-of-payments statistics according to Chapter 6, Article 9 of the Sveriges Riksbank Act. The explanatory text considers that the second paragraph of Chapter 6, Article 9 of the Riksbank Act does not prevent Sveriges Riksbank from delegating the collection of statistics to another party, such as Statistics Sweden, in spite of the duty of disclosure to the Riksbank. Accordingly, the duty of disclosure will also apply to the provision of information to Statistics Sweden. The Riksbank Act does not therefore need to be amended on account of Statistics Sweden producing parts of the statistics. In view of these clarifications, the ECB takes note that the legislative proposal suggests that the wording of Chapter 6, Article 9 of the Sveriges Riksbank Act will continue to impose an obligation to provide the relevant information to the Riksbank even if Statistics Sweden is collecting the information on behalf of the Riksbank.
5. The ECB has no objection to the transfer to Statistics Sweden of specific parts of the production of the identified elements of the balance-of-payments statistics<sup>2</sup> as long as Sveriges Riksbank retains full responsibility for all related activities and policies. In particular, it is assumed that the Riksbank will remain fully responsible for the methodology and the transmission of the relevant data to the ECB. The ECB understands that the transfer of the above statistical activities will be laid down in a separate agreement between Sveriges Riksbank and Statistics Sweden. The ECB would very much appreciate the opportunity to also review and comment on such draft agreement. Sweden is presently a Member State with a derogation and the ECB requirements in the field of balance-of-payments and international investment position

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<sup>2</sup> The collection of data on trade services and transfer payments, as well as some parts of the financial accounts.

statistics<sup>3</sup> only apply to the national central banks of the Eurosystem (NCBs). However, the ECB encourages non-participating Member States to adopt such legislative provisions as are necessary to comply with these requirements in view of the future enlargement of the euro area. At the same time, the ECB encourages the national central banks of non-participating Member States to only enter into agreements that are consistent with these requirements. In this respect, the ECB would like to refer inter alia to Article 9.2 and Article 14.3 of the Statute of the European System of Central Banks and of the European Central Bank. According to these Articles, the ECB and the NCBs shall carry out the ESCB-related tasks as specified in the Treaty and the Statute. This will also apply to Sveriges Riksbank as soon as Sweden adopts the euro and the Riksbank becomes a fully integrated part of the Eurosystem.

6. To the extent that the legislative proposal refers to parts of the balance-of-payments financial account, the ECB would also like to stress that access to individual data collected by Statistics Sweden should not be denied to the Riksbank or to the ECB on the grounds of confidentiality or otherwise. This is an important requirement that should apply in all cases, notably in order to allow quality checks on the data collected by Statistics Sweden under the new arrangement.
7. Besides balance-of-payments statistics, the Riksbank currently also compiles international investment position statistics, thus following the recommendations of the Balance of Payments Manual of the IMF (fifth edition). Both the Sveriges Riksbank Act and the legislative proposal provide a legal basis for the collection of data on transactions for the purpose of balance-of-payments statistics, but no explicit reference is made to international investment positions. The proposed amendments to the Sveriges Riksbank Act would seem to offer an opportunity to clarify matters in this respect. To this end, the ECB would like to suggest a slight rewording of the second paragraph of Chapter 6, Article 9 of the Sveriges Riksbank Act.<sup>4</sup>
8. The second type of amendments to the Sveriges Riksbank Act contained in the legislative proposal will abolish the liquidity requirement for securities that the Riksbank buys and sells under repurchase transactions for monetary policy purposes. In this respect, the legislative proposal notes that there is no equivalent liquidity criterion for intra-day credit granted for payment system purposes or for other types of monetary policy operations, where the only requirement is for the collateral to be 'adequate'. Moreover, a reference is made to the fact that the Riksbank Act contains such a liquidity criterion for the Riksbank's buying and selling of debt instruments in pursuance of its foreign exchange policy. It is not proposed to remove this liquidity criterion for foreign exchange operations in view of the need for the Riksbank to be

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<sup>3</sup> Guideline ECB/2000/4 of 11 May 2000 on the statistical reporting requirements of the ECB in the field of balance-of-payments statistics, the international reserves template and international investment position statistics, OJ L 168, 23.6.2001, p. 25.

<sup>4</sup> For instance, the draft provision could be slightly reworded along the following lines: "The performer of cross-border transactions and/or recipient of assets and liabilities with foreign connections has an obligation to provide the Riksbank with such information and to present such documents concerning cross-border transactions undertaken, and assets and liabilities with foreign connections received on his own behalf or on behalf of a customer, **as are needed as a foundation for the Riksbank's balance-of-payments and international investment position statistics.**"

able to sell its foreign securities quickly in case of currency interventions. According to the legislative proposal, securities are treated differently where the Riksbank receives them as collateral in order to protect the Riksbank in the event of the default of a counterparty in connection with a repurchase transaction for monetary policy purposes. According to the proposal, there is in this case no need for the securities to be liquid.

9. The ECB has no objection with regard to the proposed abolition of the liquidity criterion for certain monetary policy operations, though would observe that the requirement of 'adequate collateral' may be interpreted as also containing an element whereby the collateral must be realisable without undue delay. However, to expressly maintain a specific statutory liquidity requirement in addition to the requirement of adequate collateral is not necessary for the operations now under consideration.
10. The ECB confirms that it has no objection to the competent national authorities making this opinion publicly available at their discretion.

Done at Frankfurt am Main on 14 August 2002.

*The President of the ECB*

[signed]

Willem F. DUISENBERG