



EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

at the request of the Swedish Ministry of Finance under Article 109f (6) of the Treaty establishing the European Community (the “Treaty”) and Article 5.3 of the Statute of the EMI on a draft legislative proposal to amend the Riksbank Act

CON/98/25

1. On 23 April 1998 the EMI received a request from the Swedish Ministry of Finance for an opinion on a draft legislative proposal to amend the Riksbank Act (“Lagrådsremiss - Ändringar i lagen (1988 : 1385) om Sveriges riksbank”) and on 11 May 1998 the EMI received a revised version of the legislative proposal (“Regeringens proposition 1997/98 : 164 - Ändringar i lagen (1988 : 1385) om Sveriges riksbank”) (the “legislative proposal”).
2. In accordance with Article 1091 (2) of the Treaty, the ECB has taken over the advisory functions of the EMI which has gone into liquidation upon the establishment of the ECB on 1 June 1998. The ECB’s competence to deliver an opinion is based on Article 1.1, second indent, of the Council Decision (93/717/EC) of 22 November 1993 on the consultation of the EMI by the authorities of the Member States on draft legislative provisions, as the legislative proposal contains provisions concerning the status and activities of Sveriges Riksbank (the “Bank”).
3. The ECB notes the connection to the previous legislative report entitled “The status of the Riksbank” (“Lagrådsremiss - Riksbankens ställning”) which was submitted to the EMI for an opinion in October 1997, and a reference is made to the EMI’s opinion in the matter (CON/97/26) dated 7 November 1997 (the “Opinion”).
4. In view of the relatively extensive Opinion already provided by the EMI regarding the status of the Bank, and the purpose of the present legislative proposal to review the Riksbank Act (“lagen (1988 : 1385) om Sveriges riksbank”) (the “Act”) in order to improve inter alia its disposition, the ECB will at this instance limit its comments to certain substantive elements of the legislative proposal.
5. The ECB notes that the references in the Act to “credit institutions” (“kreditinstitut”) are now proposed to be replaced by references to “financial institutions” (“finansinstitut”) in the revised

legislative proposal (as opposed to “monetary financial institutions” (“monetära finansinstitut”), which latter terminology was suggested in the former version submitted to the EMI). It is assumed that the chosen term, “financial institutions”, will provide the requisite scope and clarity for the purposes of the Act.

6. The ECB also notes and welcomes the requirement that the Bank obtains adequate collateral (“betryggande säkerhet”) in respect of credit operations for monetary policy purposes (Section 5 of Chapter 6 of the legislative proposal) and intra-day credit for payment systems purposes (Section 7 of Chapter 6 of the legislative proposal), in compliance with the Statute of the European System of Central Banks and of the European Central Bank (the “ESCB Statute”) (cf Article 18 of the ESCB Statute).
7. Moreover, the proposed amendments in relation to credit operations and repurchase transactions for monetary policy purposes contained in Chapter 6 of the legislative proposal will facilitate the future integration of the Bank into the European System of Central Banks (the “ESCB”). In particular, the legislative proposal will enable the Bank to carry out both repurchase transactions and credit operations with counterparties in accordance with the monetary policy framework developed by the EMI.
8. Finally, the ECB notes Section 8 of Chapter 6 of the revised Act, whereby the Bank, under certain extraordinary circumstances, may provide credit or guarantees on special terms in order to support the liquidity of banks and Swedish entities under supervision by the Swedish Financial Supervisory Authority. Such a legal provision concerning a function for the Bank as lender of last resort might need to be reviewed again before Sweden’s participation in EMU and the Bank’s integration into the ESCB in order to make it subject to the requirements derived from the Bank’s full participation in the ESCB (cf also the EMI’s previous Opinion on the topic of integration of the Bank into the ESCB).
9. The ECB has no objection to this opinion being made public.

10 June 1998