

## EUROPEAN MONETARY INSTITUTE

### **OPINION OF THE EUROPEAN MONETARY INSTITUTE ON THE PROPOSED AMENDMENT OF ARTICLES 45 AND 56, PARAGRAPH 5, OF THE STATUTES OF THE BANK OF GREECE (CON/94/6)**

- 1 With a view to Article 109f(6) of the Treaty on European Union, Article 5.3 of the EMI's Statute and Council Decision 93/71/EC of 22 November 1993, on 29 August 1994 the Bank of Greece submitted to the EMI for consultation a proposal for the amendment of Articles 45 and 56, paragraph 5, of its Statutes. In doing so, the Bank of Greece acted primarily on its own behalf being the initiator of the amendment which will be submitted for approval to its General Meeting of Shareholders and which is subsequently to be ratified by law. The Bank of Greece did not request the EMI to deliver its opinion before a specific date.
- 2 The proposed amendment of the above Articles deals with certain financial relations between the Bank of Greece and the Greek government. It provides for a system in which the State *may* keep its accounts with the Bank of Greece which *shall* pay interest thereon and will be *entitled* to a remuneration for the service rendered to the State. The interest rate and the remuneration are to be agreed upon between the Bank of Greece and the Greek Government. In the former arrangement, the State was *obliged* to keep its accounts with the Bank of Greece, interest was *not* paid (except for interest on funds held abroad for which the remuneration was pre-determined by Article 45), while *no* remuneration was received by the Bank for its services.
- 3 The EMI's competence to deliver an opinion in this consultation is based on Article 1, second indent, of Council Decision 93/71/EC as the change of the Statutes affects the relationship between the Bank of Greece and the Government of Greece. The proposed amendment is a first step towards a "draft legislative provision" in the sense of Article 1 of Council Decision 93/71/EC. The Bank of Greece clearly has an interest in obtaining the EMI's opinion at a relatively early stage in the amendment procedure and this interest of the "initiating authority" is reflected in Article 3 of Council Decision 93/71/EC. Therefore, the EMI does not see any objections to giving its opinion on the proposed amendment at this stage.
- 4 As far as the substance of the proposed amendment of Articles 45 and 56, paragraph 5, of the Statutes is concerned, it does not give rise to any issues which, from the EMI's point of view, are not in compliance with the Treaty on European Union or its underlying principles. In particular, the change in the regime on holding accounts with the Bank of Greece does not conflict with the provisions of Article 21 of the Statute of the ESCB and ECB and, moreover, introduces a more market-oriented approach. In the spirit of Articles 3a and 102a of the Treaty, it might be desirable to clarify that interest paid on balances of Government accounts and the cost for the administration of such accounts should be broadly consistent with normal market conditions and practice. Finally, it is noted that interest paid on Government

accounts is not susceptible to deduction from the Bank of Greece's monetary income in Stage 3 of EMU in accordance with Article 32.4 of the Statute of the ESCB/ECB.

21 September 1994