



EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 17 May 2004

**at the request of Sveriges Riksbank on two draft laws on certain old banknotes and coins
ceasing to be legal tender**

(CON/2004/17)

1. On 5 April 2004, the European Central Bank (ECB) received a request from Sveriges Riksbank for an opinion on a proposal from Sveriges Riksbank to *Sveriges riksdag* (Swedish Parliament) to adopt two draft laws on certain old banknotes and coins ceasing to be legal tender (hereinafter the 'draft laws').
2. The ECB's competence to deliver an opinion is based on the second and third indents of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions¹ as the draft laws contain provisions concerning means of payment and the Swedish national central bank. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.
3. In the explanatory memorandum to the draft laws, Sveriges Riksbank proposes that certain old banknotes and coins should cease to be legal tender on 31 December 2005. According to Section 14 of Chapter 9 of *regeringsformen* (Swedish Constitution Act), Sveriges Riksbank has the exclusive right to issue banknotes and coins. Section 1 of Chapter 5 of *lagen (1988:1385) om Sveriges riksbank* (Sveriges Riksbank Act) states that banknotes and coins issued by Sveriges Riksbank are legal tender. General rules concerning the monetary and payment system, such as decisions that certain Swedish banknotes and coins should cease to be legal tender, are however laid down by statute enacted by *Sveriges riksdag*.
4. In view of the above, Sveriges Riksbank has prepared two draft laws for adoption by *Sveriges riksdag* as follows: (i) *Förslag till lag om vissa äldre sedlars upphörande som lagliga betalningsmedel* (the draft law on certain old banknotes ceasing to be legal tender) (hereinafter the 'draft law on old banknotes'); and (ii) *Förslag till lag om äldre femtiöresmynts upphörande som lagligt betalningsmedel* (the draft law on the old 50-öre coin ceasing to be legal tender) (hereinafter the 'draft law on the old 50-öre coin'). Under the draft law on old banknotes, old versions of

¹ OJ L 189, 3.7.1998, p. 42.

Swedish banknotes denominated SEK 20, 100 and 500, respectively, shall cease to be legal tender on 31 December 2005. Under the draft law on the old 50-öre coin, the old silver-coloured 50-öre coin shall also cease to be legal tender on 31 December 2005. It is proposed that the draft laws should enter into force on 1 January 2005, i.e. one year before the affected banknotes and coins cease to be legal tender.

5. The explanatory memorandum to the draft laws sets out, *inter alia*, the reasons why the affected banknotes and coins can cease to be legal tender despite relatively short notice being given. The main reason for this is Sveriges Riksbank's generous practice of redeeming old banknotes and coins for a considerable period after they cease to be legal tender.
6. The ECB has considered the issue of timing and agrees with Sveriges Riksbank's assessment that the proposed interval between the date when the draft laws enter into force and the date when the affected banknotes and coins cease to be legal tender should be sufficient. The ECB has no other comments on the draft laws.
7. The ECB confirms that it has no objection to the competent national authorities making this opinion publicly available at their discretion. This opinion will be published on the ECB's website six months after the date of its adoption.

Done at Frankfurt am Main, 17 May 2004.

[signed]

The President of the ECB

Jean-Claude TRICHET