



## **OPINION OF THE EUROPEAN CENTRAL BANK**

**of 14 February 2007**

**at the request of the Irish Department of Finance**

**on a draft law on asset covered securities**

**(CON/2007/3)**

### **Introduction and legal basis**

On 25 January 2007 the European Central Bank (ECB) received a request from the Irish Department of Finance for an opinion on the draft Asset Covered Securities (Amendment) Bill 2007 (hereinafter the 'draft law').

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 sixth 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 provisions<sup>1</sup>, as the draft law relates to a national central bank and rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets. 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.

### **1. Purpose of the draft law**

The draft law mainly represents a technical update and modernisation of the Asset Covered Securities Act 2001 (the '2001 Act'), which established the legislative foundations for the launch in 2003 of an Irish asset-covered securities market.

### **2. General observations**

- 2.1 The ECB has no specific comments regarding the draft law.
- 2.2 The ECB recalls that, when consulted on the 2001 Act, the ECB noted 'that the legislation has been explicitly designed by the Irish Government to bring Ireland in line with best practices in other European financial centres, taking into account that the introduction of the euro and the new monetary policy framework have led to the development of an integrated and competitive money market in the euro area... The ECB considers that the Irish Government's initiative will make a

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

positive contribution to the integration of capital markets in the euro area<sup>2</sup>. In this respect, the ECB is pleased to note the positive evolution of this market since 2003, which has seen the issuance in the international capital markets of both mortgage and public credit-covered securities involving domestic Irish mortgage credit portfolios, as well as euro-denominated public credit portfolios whose underlying borrowers are located throughout the euro area.

### **3. Implementing measures**

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 14 February 2007.

[signed]

*The President of the ECB*

Jean-Claude TRICHET

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<sup>2</sup> ECB Opinion CON/2001/6 of 25 April 2001 at the request of the Irish Department of Finance on a draft legislative proposal on a Mortgage and Public Credit Bond Bill, paragraph 4.