



OPINION OF THE EUROPEAN CENTRAL BANK
of 4 February 2009
at the request of Sveriges Riksbank
on a draft law on the fifty öre coin ceasing to be legal tender
(CON/2009/8)

Introduction and legal basis

On 29 December 2008 the European Central Bank (ECB) received a request from Sveriges Riksbank for an opinion on a draft law on the fifty öre coin ceasing to be legal tender (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 second indent 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 law relates to means of payment. 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

Under the draft law, the fifty öre coin will cease to be legal tender with effect from 30 September 2010. The reasons for the draft law are that there are clear indications that the use of the fifty öre coin has declined and that it has a low circulation.

This change also necessitates an amendment to the Law (1970:1029) on the rounding of certain amounts in öre, so that in future rounding will be to the nearest krona.

2. General Observations

According to Chapter 9, Article 14, of the Swedish Constitution, Sveriges Riksbank has the exclusive right to issue banknotes and coins. Chapter 5, Article 1, of Sveriges Riksbank Act states that banknotes and coins issued by Sveriges Riksbank are legal tender. However, general rules concerning the monetary and payment system, such as decisions on certain Swedish banknotes and coins ceasing to be legal tender, are laid down by statutes enacted by Sveriges Riksdag (the Swedish Parliament).

¹ OJ L 189, 3.7.1998, p. 42.

The ten öre coin was demonetised by the Law (1991:1190) on the ten öre coin ceasing to be legal tender. Older fifty öre coins struck in accordance with laws and regulations prior to 1 October 1992 were demonetised by the Law (2004:863) on the old fifty öre coin ceasing to be legal tender².

Sveriges Riksbank has now decided to abolish the fifty öre coin, subject to Sveriges Riksdag adopting the draft law on the fifty öre coin ceasing to be legal tender.

The ECB acknowledges that Sveriges Riksbank has conducted an in-depth examination into the need for a fifty öre coin, taking into account the usage, demand for and cost of the coin. The opinions of the general public and of the banks, the retail trade and cash-in-transit companies have also been taken into account. The consequences of withdrawing the coin have been described, as well as any effects on the demand for other coin denominations and on general price levels. Sveriges Riksbank has also considered whether the withdrawal of the fifty öre coin could have any implications for inflation³.

The ECB considers it important that there should be sufficient notice of the proposed change and a sufficient interval between the date when the draft law enters into force and the date when the fifty öre coin ceases to be legal tender. The provision of an appropriate period for free-of-charge redemption of fifty öre coins of citizens would also be warranted.

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

Done at Frankfurt am Main, 4 February 2009.

[signed]

The President of the ECB

Jean-Claude TRICHET

² See ECB Opinion CON/2004/17 of 17 May 2004 at the request of the Sveriges Riksbank on two draft laws on certain old banknotes and coins ceasing to be legal tender.

³ See Sveriges Riksbank's report: *Examination of the need for a 50-öre coin*, reference number 2008-903-ADM.