



**OPINION OF THE EUROPEAN CENTRAL BANK**  
**of 11 July 2012**  
**on the Central Bank of Cyprus Laws of 2002 to 2007**  
**(CON/2012/51)**

**Introduction and legal basis**

On 27 June 2012 the European Central Bank (ECB) received a request from the President of the Cypriot House of Representatives for an opinion on a proposal for a law amending the Central Bank of Cyprus Laws 2002-2007 (hereinafter the ‘proposal for a law’).

The ECB’s competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and the third 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 provisions<sup>1</sup>, as the proposal for a law relates to the Central Bank of Cyprus (CBC). 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 proposal for a law**

The proposal for a law amends Article 13 of the Central Bank of Cyprus Laws of 2002 to 2007<sup>2</sup> (hereinafter the ‘basic law’) on the appointment of the Governor and the members of the Board of the CBC. It provides that the Ministerial Council must consult the Budget and Economic Affairs Parliamentary Committee (hereinafter the ‘Committee’) prior to the appointment, removal or early termination of the term of office of any Board Member of the CBC.

**2. Personal independence**

The ECB previously considered the nomination procedure for the Board members of the CBC under the basic law to be compatible with the Treaty and the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the ‘Statute of the ESCB’) and not to interfere with the personal independence requirements under Article 14.2 of the Statute of the ESCB<sup>3</sup>. The ECB has no objections to the proposed involvement of the Committee in the appointment process of the CBC Board Members, as it would not impair the personal independence guarantees in the Statute of the ESCB and the basic law, nor the mandate of the current CBC Board members.

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

<sup>2</sup> Law 138(I) of 2002.

<sup>3</sup> ECB Convergence Report 2007, p. 74, paragraph 5.1.2, available on the ECB’s website at [www.ecb.europa.eu](http://www.ecb.europa.eu).

**3. Smooth functioning of the decision-making bodies**

The proposed involvement of the Committee may mean that a longer time period is needed for the nomination procedure. In this regard, the ECB notes the need for the smooth and unimpeded functioning of the decision-making bodies of the CBC under the new nomination procedure.

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

Done at Frankfurt am Main, 11 July 2012.

[signed]

*The Vice-President of the ECB*

Vítor CONSTÂNCIO