



OPINION OF THE EUROPEAN CENTRAL BANK

of 17 July 2012

on certain old banknotes ceasing to be legal tender

(CON/2012/54)

Introduction and legal basis

On 15 June 2012 the European Central Bank (ECB) received a request from Sveriges Riksbank for an opinion on a draft law on certain old banknotes ceasing to be legal tender (hereinafter the 'draft 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 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, fifty and thousand krona banknotes without foil strips will cease to be legal tender on 31 December 2013. The reason for the draft law is that there are currently two valid versions of the fifty and thousand krona banknotes; the older versions have fewer security features, for example, they have no foil strips. In order to reduce the quantity of banknotes in circulation, Sveriges Riksbank proposes that these older banknotes become invalid. So that it can inform the public accordingly, Sveriges Riksbank has proposed that it would be preferable for the draft law to enter into force on 1 January 2013. After 31 December 2013 it will still be possible for both banks and the public to redeem banknotes by posting them to Sveriges Riksbank.

2. General Observations

Pursuant 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 the Law on Sveriges Riksbank states that banknotes and coins issued by Sveriges Riksbank are legal tender. Sveriges Riksbank thus has the sole right to issue banknotes and coins and to determine their design. However, general rules concerning the monetary and

¹ OJ L 189, 3.7.1998, p. 42.

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payment system, such as decisions on certain Swedish banknotes and coins ceasing to be legal tender, are decided by Sveriges Riksdag (the Swedish Parliament).

The ECB acknowledges that Sveriges Riksbank has conducted a thorough examination into the cash markets need, taking into account the views of market participants such as banks, cash-in-transit companies and the retail sector. The ECB also considers that the time interval between the entry into force of the draft law and the date on which the affected banknotes cease to be legal tender is sufficient.

In view of the above, the ECB welcomes the planned withdrawal of the old krona banknotes and their replacement with new krona banknotes of the same denominations that have more enhanced security features. This replacement will ensure the integrity of the krona and safeguard it better against counterfeiting.

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

Done at Frankfurt am Main, 17 July 2012.

[signed]

The President of the ECB

Mario DRAGHI