



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

**of 14 April 2014**

**on operations relating to government securities**

**(CON/2014/26)**

### **Introduction and legal basis**

On 21 March 2014, the European Central Bank (ECB) received a request from Banca Națională a României (BNR) for an opinion on a draft BNR regulation amending BNR Regulation No 12/2005 on the secondary market for government securities managed by BNR<sup>1</sup> (hereinafter the 'draft regulation').

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 and fifth indents of Article 2(1) of Council Decision 98/415/EC<sup>2</sup>, as the draft regulation relates to BNR and payment and settlement systems. 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.

### **Purpose of the draft regulation**

BNR manages the primary and secondary markets for government securities in Romania. Transactions on these markets are settled in the system for Settlement and Financial Instruments Registration (SaFIR), the sole depository of government securities in Romania, which is also managed by BNR.

Transactions on the secondary market for government securities in Romania take place by direct negotiation between intermediaries, and participants can only perform such operations through accounts with SaFIR. In order to reduce fragmentation of the interbank money market for government securities and to facilitate the processing of transactions in government securities in SaFIR, the draft regulation repeals a provision of BNR Regulation No 12/2005 that states that operations relating to government

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<sup>1</sup> Published in *Monitorul Oficial al României*, Part I No 882/2005.

<sup>2</sup> Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

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bonds are to be conducted only in the currency of issue. As a result, transactions could be settled in SaFIR in the currency agreed between the parties.

The ECB has no comments on this draft regulation.

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

Done at Frankfurt am Main, 14 April 2014.

[signed]

*The President of the ECB*

Mario DRAGHI