

OPINION OF THE EUROPEAN MONETARY INSTITUTE

on a consultation from the Bank of Greece under Article 109f (6) of the Treaty establishing the European Community (the "Treaty") and Article 5.3 of the Statute of the EMI as elaborated in the Council Decision of 22nd November 1993 (93/717/EC) (the "Decision")

on draft legislative provisions supplementing Law 5422/1932 referring to the regulatory framework for the operation, control and supervision by the Bank of Greece of persons (legal or natural) authorised to buy and sell foreign currency, especially credit institutions and bureaux de change.

CON/97/03

1. The above consultation was initiated by the Bank of Greece, which on 17th February 1997 submitted the relevant draft provisions to the European Monetary Institute.
2. The EMI's competence to deliver an opinion is based on Article 1, section 1 of the Decision, as the draft provisions relate, inter alia, to the following: the status and powers of the Bank of Greece (second indent of section 1); and, rules which may have an impact upon the stability of financial institutions and markets (fifth indent of section 1).
3. It is foreseen in the draft provisions that the Bank of Greece will be further involved in the supervision of legal and natural persons authorised to buy and sell foreign currency by setting the general regulatory framework for the operation, control and supervision of such parties. The EMI is of the opinion that this further involvement is not, in principle, inconsistent with the requirement for independence of central banks, imposed by Article 107 of the Treaty as reflected in Article 7 of the Statute of the ESCB, nor is it incompatible with either the Treaty or the Statute of the ESCB (so as to be contrary to the requirements of Article 108 of the Treaty as reflected in Article 14.1 of the Statute of the ESCB). This evaluation does not prejudge the rights of the ECB under Article 14.4 of the Statute of the ESCB.
4. With regard to the substance of the envisaged measures the draft entitles the Bank, in particular, to request bureaux de change to establish a higher minimum capital than applying for other sociétés anonymes, to differentiate this amount according to the number of branches in operation and to oblige to deposit part of this amount with the Bank of Greece. The Bank may also lay down the details for cases of non-compliance. These competence given to the Bank of Greece can be considered as aiming at ensuring the soundness and reliability of the market participants

and therefore foster the overall stability of financial institutions or financial markets. They do not infringe the Treaty on European Union or its underlying principles.

5. The EMI confirms that it has no objection to this opinion being made public.

17 March 1997