

OPINION OF THE EUROPEAN MONETARY INSTITUTE

at the request of the Dutch Ministry of Finance under Article 109f (6) of the Treaty establishing the European Community (the “Treaty”), Article 5.3 of the Statute of the EMI and Council Decision 93/717/EC of 22 November 1993, concerning a draft law on redenomination of debt (the “Draft Law”)

(CON/98/19)

1. On 31 March 1998, the EMI received a request, dated 17 March 1998, from the Dutch Minister of Finance for an opinion on the Draft Law.
2. The EMI’s competence to deliver an opinion is based on Article 1.1, first indent, of the Council Decision (93/717/EC) of 22 November 1993 on the consultation of the EMI by the authorities of the Member States on draft legislative provisions, as the Draft Law deals with currency law.
3. The Draft Law aims at laying down and implementing the modalities of the redenomination of (public and private) debt securities governed by the Dutch Law. The method used is the rounding of debt to one of the two nearest whole euro units. In case of rounding down, a sum in cash for the difference is payable to the holder [which will remain interest-bearing].
4. The EMI welcomes the approach chosen by the Draft Law. The Draft Law is instrumental to a deeper and broader financial integration in the euro zone, as redenomination of debt will both provide for more liquid markets and make the life of market practitioners easier, in particular when national denominations will disappear from the secondary markets of highly traded debt securities. The EMI has, finally, no comments to make regarding specific provisions of the Draft Law.

The EMI confirms that it has no objection to this opinion being made public by the competent Dutch authorities at their discretion.

17 April 1998