



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Ms Paloma López Bermejo
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 27 March 2019

L/MD/19/88

Re: Your letter (QZ-011)

Honourable Member of the European Parliament, dear Ms López Bermejo,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 1 February 2019.

The Governing Council of the ECB has decided to stop issuing the €500 banknote and to exclude it from the Europa banknote series¹, amid concerns that this denomination could facilitate illicit activities. As of 27 January 2019, 17 of the 19 national central banks in the euro area no longer issue €500 banknotes. To ensure a smooth transition and for logistical reasons, the Deutsche Bundesbank and the Oesterreichische Nationalbank requested the right to continue issuing the notes until 26 April 2019.

In order to maintain public trust in euro banknotes, existing €500 banknotes will remain legal tender and can continue to be used as a means of payment and store of value. They will also retain their value; because it will remain possible to exchange them at the national central banks of the Eurosystem for an unlimited period of time. Similarly, banks, bureaux de change and other commercial parties can keep recirculating existing €500 notes. As the €500 banknotes held at national central banks will not be replaced by new ones, the number of €500 banknotes in circulation will decline over time.

¹ Information on the Europa series of euro banknotes is available at <https://www.ecb.europa.eu/euro/banknotes/europa/html/index.en.html>.

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

The effectiveness of the European Union's anti-money laundering legal framework, as recently amended through the Fifth Anti-Money Laundering Directive of 30 May 2018², relies largely on the responsibility of the obliged entities – credit and financial institutions and various designated non-financial businesses and professions which are exposed to money laundering risks – to verify the identity of their customers and to report any suspicions of money laundering to the respective financial intelligence units.

As part of its responsibility to issue banknotes in accordance with Article 128(1) of the Treaty on the Functioning of the European Union³ (former Article 106(1) TEC), the Eurosystem has to ensure a smooth and efficient supply of euro banknotes. The ECB monitors the issuance data on a monthly basis, primarily with the aim of guaranteeing the smooth supply of euro banknotes. Data on the outstanding amounts (stocks) of euro banknotes and coins in circulation as well as transactions data (flows) on the banknotes are published monthly on the ECB website.⁴

Yours sincerely,

[signed]

Mario Draghi

² Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU, OJ L 156/43, 19.6.2018

³ Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union - Consolidated version of the Treaty on the Functioning of the European Union - Protocols - Annexes - Declarations annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, signed on 13 December 2007 - Tables of equivalences, OJ C 326 , 26.10.2012

⁴ Data on banknotes issued into circulation, returned from circulation, sorted to check authenticity and fitness, and sorted to unfit are available on the ECB website at https://www.ecb.europa.eu/stats/policy_and_exchange_rates/banknotes+coins/circulation/html/index.en.html.

Address

European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address

European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu