EUROPEAN CENTRAL BANK

EUROSYSTEM

EN **ECB-PUBLIC**

OPINION OF THE EUROPEAN CENTRAL BANK

of 16 June 2017

on the ownership of a special purpose entity for manufacturing euro banknotes

(CON/2017/25)

Introduction and legal basis

On 18 May 2017 the European Central Bank (ECB) received a request from the Banco de España, on behalf of the Spanish Sub-secretary for Finance and the Civil Service, on the 25th Final Provision of the draft law on the State budget for 2017 (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 third indent of Article 2(1) of Council Decision 98/415/EC[1], as the draft law relates to the Banco de España. 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

The draft law provides that the Fábrica Nacional de Moneda y Timbre - Real casa de la Moneda (hereinafter the 'Spanish Royal Mint' or the 'Mint') may hold an ownership interest of up to 20 % in the special-purpose entity established in 2015 for the production of banknotes, Imprenta de Billetes, S.A. (hereinafter 'IMBISA'), for as long as IMBISA carries out its euro banknote production on the Spanish Royal Mint's premises. Once IMBISA's activities on the Mint's premises come to an end, the Mint is required to transfer its shares in IMBISA to the Banco de España within a period of six months.

2. Consideration of IMBISA as an in-house printing works of the Banco de España

The draft law amends the IMBISA's interim ownership model, which was established by the 95th Additional Provision of Law 36/2014, on which the ECB has previously opined[2], and pursuant to which the Spanish Royal Mint is legally obliged to divest its ownership interest of up to 20 % in IMBISA by 31 December 2017. The effect of the amendment is that, instead of divesting its ownership interest by 31 December 2017, the Mint may now hold its ownership interest for as long as IMBISA carries out its euro banknote production on the Mint's premises. The ECB understands that once IMBISA's new facilities have been built and are operational, production on the Mint's premises will cease and the ownership interest will be divested within the six-month period established by the draft law. However, extending the period for which the Mint may hold its stake does not affect the Banco de España's decisive influence

1 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).

2 See ECB Opinion CON/2014/82. All ECB opinions are published on the ECB's website at www.ecb.europa.eu .

over IMBISA's strategic objectives and significant decisions. Pursuant to IMBISA's by-laws, the exclusive social purpose of the company is to produce and print euro banknotes at the Banco de España's request, and the company is described as an instrument and technical service of the Banco de España[3]. IMBISA's governance arrangements also reflect the distribution of ownership, and do not grant power to the Mint to negatively impact the control exercised by the Banco de España[4]. In particular, the Mint does not have any blocking minority or veto rights. On the basis of these facts, it appears that the Banco de España exercises sole control over the company, and that IMBISA may be considered to be an in-house printing work of the Banco de España pursuant to Article 1(2) of Guideline (EU) 2015/280 (ECB/2014/44) of the European Central Bank[5].

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

Done at Frankfurt am Main, 16 June 2017.

[*signed*]

The President of the ECB

Mario DRAGHI

3 See Article 3 of IMBISA's by-laws, which can be consulted at http://www.imbisa.es/transparencia/.

4 See Title III of IMBISA's by-laws.

5 Guideline (EU) 2015/280 of the European Central Bank of 13 November 2014 on the establishment of the Eurosystem Production and Procurement System (ECB/2014/44) (OJ L 47, 20.2.2015, p. 29).