EUROPEAN CENTRAL BANK

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OPINION OF THE EUROPEAN CENTRAL BANK

of 23 February 2016

on measures to facilitate the smooth functioning of the Central Bank of Cyprus's Board of Directors and Personnel Committee

(CON/2016/9)

Introduction and legal basis

On 16 February 2016 the European Central Bank (ECB) received a request from the Cypriot Minister of Finance for an opinion on a draft law amending the Central Bank of Cyprus Laws of 2002 to (No.3) of 2014 (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 a national central bank. 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 purpose of the draft law is to enable the Personnel Committee of the Central Bank of Cyprus (CBC) to continue functioning when a vacant position arises on the Committee and to provide the CBC's Board of Directors with the option of conducting its meetings through electronic media. As noted in the explanatory memorandum accompanying the draft law, under the current Central Bank of Cyprus Law, the CBC cannot recruit permanent staff or promote, dismiss or suspend employees when there is a vacant position on its Personnel Committee. The draft law provides that no act or action of the Personnel Committee will be deemed invalid due to a vacant position on the Committee[2]. The draft law further provides that the meetings of the Board of Directors may be conducted through electronic media. According to the draft law any member of the CBC's Board of Directors who attends the meeting using electronic media will be considered to be present for the purposes of determining a quorum[3].

2. General observations

2.1 The ECB notes that the draft law will facilitate the operation of the CBC's Personnel Committee and the smooth functioning of its Board of Directors.

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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 Article 3 of the draft law.

3 See Article 2(c) of the draft law.

2.2 With regard to the possibility of conducting meetings of the Board of Directors using electronic media, the ECB recommends that the use of such media is sufficiently protected in order to ensure that the confidential nature of Board meetings is upheld.

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

Done at Frankfurt am Main, 23 February 2016.

[signed]

The President of the ECB

Mario DRAGHI