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EUROPEAN CENTRAL BANK

EUROSYSTEM

OPINION OF THE EUROPEAN CENTRAL BANK

of 29 October 2009

on extending the deadline for submitting certain banknotes to be exchanged

(CON/2009/87)

Introduction and legal basis

On 12 October 2009, the European Central Bank (ECB) received a request from the Magyar Nemzeti Bank (MNB) for an opinion on a draft regulation recalling certain notices on the withdrawal of banknotes from circulation (hereinafter the 'draft regulation').

The ECB's competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community and the second indent of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions[1], as the draft regulation relates to means of payment.

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 regulation

The purpose of the draft regulation is to extend the deadline for submitting certain forint banknotes withdrawn from circulation for exchange by the MNB. In particular, the draft regulation intends to extend the deadline for submitting 500 and 1 000 forint banknotes withdrawn from circulation until 1 September 2019, and 5 000 forint until 27 July 2019. Article 31(1) and (3) of Law LVIII of 2001 on the Magyar Nemzeti Bank[2] forms the legal basis for the draft regulation on extending the exchangeability deadline. Furthermore, the draft regulation recalls several notices regulating the withdrawal and exchange of forint banknotes withdrawn from circulation issued between 1998 and 2001 by the MNB's Governor.

2. General observations

2.1 The ECB welcomes the MNB's use of a regulation to extend the deadline for submitting for exchange forint banknotes withdrawn from circulation as it provides greater legal certainty than notices. The ECB understands that the draft regulation after its adoption will merely extend the

1 OJ L 189, 3.7.1998, p. 42.

2 Published in *Magyar Közlöny* 2001/76 (VII. 5.).

deadline for submitting forint banknotes withdrawn from circulation without affecting more general financial matters.

2.2 The ECB shares the view that the issue of banknotes belongs to core central banking tasks. In the case of the Eurosystem, the issue of euro banknotes is a public task attributed to the ECB and the Eurosystem national central banks by Article 106(1) of the Treaty establishing the European Community and Article 16 of the Statute of the European System of Central Banks and of the European Central Bank. The ECB has legislated on certain aspects of the regime for the issue of euro banknotes with regard to (i) putting euro banknotes into circulation; (ii) taking individual banknotes out of circulation; and (iii) the withdrawal of types or series of banknotes from circulation which will have to be taken into account when Hungary adopts the euro[3].

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

Done at Frankfurt am Main, 29 October 2009.

[signed]

The President of the ECB

Jean-Claude TRICHET

3 Decision ECB/2003/4 of 20 March 2003 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (OJ L 78, 25.3.2003, p. 16).