



EUROPEAN CENTRAL BANK

EUROSYSTEM

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ECB-PUBLIC

OPINION OF THE EUROPEAN CENTRAL BANK

of 4 August 2017

on a draft decision on the monetary policy implementation of Hrvatska narodna banka

(CON/2017/30)

Introduction and legal basis

On 11 July 2017 the European Central Bank (ECB) received a request from Hrvatska narodna banka (HNB) for an opinion on a draft Decision on monetary policy implementation of the Hrvatska narodna banka (hereinafter the 'draft decision').

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 Article 2(2) of Council Decision 98/415/EC¹, as the draft decision comprises draft legislative provisions on the instruments of monetary policy in a Member State which has not adopted the euro. 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 decision

1.1 The draft decision lays down HNB's monetary policy operations and instruments and the related obligations of HNB's counterparties. The purpose of the draft decision is to: (a) recast in a single act the national legislation on monetary policy operations; (b) introduce a pooling collateral management system for all of HNB's credit operations; and (c) introduce discretionary measures that HNB is authorised to take regarding eligibility and the obligations of HNB's counterparties.

1.2 The draft decision sets out, in particular:

- (a) an overview of the operations and instruments of HNB's monetary policy and rules for their implementation²;
- (b) the conditions for participation in monetary policy operations, including eligible counterparties (banks and savings banks with head offices in the Republic of Croatia, branches of credit institutions of other Member States whose establishment has been notified to HNB by the competent authorities and branches of third country credit institutions that have been authorised by HNB), eligible assets, eligible securities, valuation and risk control and HNB's eligible assets pooling system for collateralisation of HNB's credit operations³;
- (c) the discretionary measures which HNB is authorised to take on the grounds of prudence, risk protection and in the case of breach by a counterparty of its obligations arising from

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 Articles 1 to 19 of the draft decision.

³ See Articles 20 to 34 of the draft decision.

transactions conducted on the basis of the draft decision, together with the consequences in the case of a breach of obligations and the expiry of the validity of a bank's authorisation by HNB⁴;

- (d) additional rules for conducting the monetary policy operations of HNB, including reporting obligations and the protection of confidential data⁵.

2. General observations

- 2.1 The ECB has no comments on the draft decision.
- 2.2 As a Member State whose currency is not the euro Croatia and, in turn, HNB retain their powers in the field of monetary policy according to national law⁶ until such time as the relevant derogation is lifted and Croatia adopts the euro.

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

Done at Frankfurt am Main, 4 August 2017.

[signed]

The President of the ECB

Mario DRAGHI

⁴ See Articles 35 to 40 of draft decision.

⁵ See Articles 41 to 45 of draft decision.

⁶ Article 282(4) of the Treaty and Article 42.2 of the Statute of the European System of Central Banks and of the European Central Bank.