



OPINION OF THE EUROPEAN CENTRAL BANK

of 28 September 2016

**on amendments to the Law on Latvijas Banka reducing the number of members of the
Council of Latvijas Banka**

(CON/2016/47)

Introduction and legal basis

On 8 September 2016 the European Central Bank (ECB) received a request from Latvijas Banka for an opinion on draft amendments to the Law on Latvijas Banka (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/EC¹, as the draft law relates to Latvijas Banka. 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

- 1.1 The sole purpose of the draft law is to formally reduce the number of members of the Council of Latvijas Banka (hereinafter the 'Council') from eight to six. The Council is Latvijas Banka's highest decision-making body. It makes decisions on behalf of Latvijas Banka, which are necessary to ensure the implementation of the tasks of Latvijas Banka, including the tasks of the European System of Central Banks (ESCB)². The quorum for the meetings of the Council is more than half of its members, including the Governor and the Deputy Governor. Decisions of the Council are taken by a majority vote of the members present at the meeting. In the event of a tie, the chairperson of the meeting has the casting vote³. The meetings of the Council are convened as required, but at least once a quarter.
- 1.2 The Council currently performs its tasks in the composition of six members because the terms of office of two members of the Council expired several months ago. Latvijas Banka is of the opinion that the current composition of the Council of six members in total, including the Governor and the Deputy Governor, will be adequate for successful performance of Latvijas Banka's functions, including ESCB-related tasks.

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 26 of the Law on Latvijas Banka.

³ See Article 24 of the Law on Latvijas Banka.

2. General observations

- 2.1 The proposed amendments do not raise personal independence concerns regarding the tenure of office of the Council members due to the fact that the two posts proposed to be removed by the draft law are currently vacant.
- 2.2 The ECB relies on Latvijas Banka's assessment that the reduction of the number of members of the Council will have no impact on Latvijas Banka's ability to successfully perform all functions and tasks of Latvijas Banka, including ESCB-related tasks.

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

Done at Frankfurt am Main, 28 September 2016.

[signed]

The President of the ECB

Mario DRAGHI