

Monetary and Financial Code

STATUTE OF THE BANQUE DE FRANCE

Chapter I

Tasks

1.1. Part 1

Main tasks

Article L.141-1

The *Banque de France* shall be an integral part of the European System of Central Banks, instituted by Article 8 of the Treaty Establishing the European Community, and participate in carrying out the tasks and complying with the objectives conferred upon the ESCB by the Treaty.

Within this framework, and without prejudice to the primary objective of price stability, the *Banque de France* shall support the general economic policy of the Government.

The *Banque de France*, represented by its Governor, Deputy Governors or any other member of the Monetary Policy Council, shall neither seek nor accept instructions from the Government or any other body in the performance of the tasks arising from its participation in the European System of Central Banks.

Article L.141-2

As provided by the Statute of the European System of Central Banks, and particularly Article 30 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank relating to the transfer of foreign reserve assets to the ECB and Article 31 of said Protocol relating to the management of the foreign reserve assets held by the national central banks, the *Banque de France* shall hold and manage the State's gold and foreign-exchange reserves, and record them as assets in its balance sheet according to procedures set by an agreement which it enters into with the State.

In compliance with the provisions of Article 111 of the Treaty Establishing the European Community, in particular relating to the international organizations in which the Member States may negotiate and to the international agreements that they may enter into, and with paragraph 2 of Article 6 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, relating to the international monetary institutions in which the ECB and, subject to its agreement, the national central banks are authorized to participate, the *Banque de France* may participate in international monetary agreements with the permission of the Minister in charge of the Economy.

Article L.141-3

The *Banque de France* may not grant overdrafts or any other type of credit facility to the Treasury or to any other public body or state-owned corporation, nor may it directly purchase their debt securities.

Where appropriate, formal agreements between the *Banque de France* and the State shall set the terms for the repayment of the advances granted by the *Banque de France* to the Treasury prior to 1 January 1994.

The provisions of the first paragraph shall not apply to publicly-owned credit institutions which, in the context of the provision of liquidity by the *Banque de France*, shall be given the same treatment as private credit institutions.

Article L.141-4

I. The *Banque de France* shall ensure the smooth operation and the security of payment systems within the framework of the task of the ESCB relating to the promotion of the smooth operation of payment systems provided for by paragraph 2 of Article 105 of the Treaty Establishing the European Community.

The validity vis-à-vis third parties and the assertion of the rights of national central banks that are members of the European System of Central Banks and of the European Central Bank with regard to financial instruments, bills, claims or sums of money pledged, transferred or otherwise given as security in their favour are not affected by engagement of the proceedings mentioned at point III of Article L. 330-2.

The *Banque de France* shall ensure the security of means of payment as defined at Article L. 311-3, other than banknotes and coins, as well as the relevance of the standards applicable thereto. If it considers that any such means of payment does not afford sufficient guarantees of security, it may recommend the issuer thereof to take all steps to remedy the situation. If its recommendations are not followed, it may, after soliciting the issuer's comments, decide to deliver an unfavourable opinion published in the Official Journal.

In carrying out these assignments, the *Banque de France* shall seek expert opinion and obtain from the issuer or from any interested party relevant information concerning the means of payment and the terminals or technical arrangements associated with them.

An *Observatoire de la Sécurité des Cartes de Paiement* (Payment Card Security Observatory) is created, comprising members of Parliament, representatives of the administrative organisations concerned, issuers of payment cards, and merchant and consumer associations. In particular, the Observatory shall monitor security measures taken by issuers and merchants, draw up statistics on fraud and carry out a technology watch on payment cards with the aim of proposing ways of combating technology-based breaches of payment card security. The *Banque de France* shall provide the secretariat of the Observatory. The chairman shall be appointed from among the Observatory's members. The composition and remit of the Observatory shall be defined in a Decree in *Conseil d'Etat*.

Each year the Observatory shall draw up a report for the Minister in charge of the Economy, Finance and Industry, which shall also be transmitted to Parliament.

II. - In the framework of the missions of the European System of Central Banks, and without prejudice to the powers of the Financial Markets Authority and the Banking Commission, the *Banque de France* shall monitor the safety of clearing, payment and securities settlement systems.

Article L.141-5

As provided by paragraph 1 of Article 106 of the Treaty Establishing the European Community granting the ECB the exclusive right to authorize issue of banknotes within the Community, the *Banque de France* shall have the sole right to issue banknotes accepted as legal tender in metropolitan France and in the overseas departments.

The *Banque de France* shall exercise this competence in Mayotte and in Saint-Pierre et Miquelon.

The *Banque de France* shall pay to the State a sum representing the value of the notes denominated in francs withdrawn from circulation that have not been presented at its counters.

The *Banque de France* shall have the task of maintaining the quality of banknotes and coin and managing their smooth circulation throughout France.

1.2. Part II

Other public interest tasks and other activities

Article L.141-6

The *Banque de France* shall also carry out other public interest tasks.

Within this framework, the *Banque de France* shall perform the services requested by the State or carried out for third parties with the agreement of the State.

At the request of the State, or with its approval, the *Banque de France* may provide services, either on behalf of the State or for third parties. These services shall be remunerated in order to cover the expenses incurred by the *Banque*.

The nature of the above mentioned services and the terms and conditions of their remuneration shall be laid down in formal agreements between the *Banque de France* and, as the case may be, the State or the third parties involved.

Article L.141-7

In accordance with the terms and conditions referred to in the last paragraph of Article L.141-6, the *Banque de France* shall establish, on behalf of the State, the balance of payments and assess the country's net external asset position as directed by the Minister in charge of the Economy, who shall publish this information.

Article L.141-8

The following may hold accounts with the *Banque de France*:

- 1° entities governed by the provisions of Article L.511-9;
- 2° the Treasury, the financial services of the Post Office, the Institut d'émission des départements d'outre-mer, the Institut d'émission d'outre-mer and the Caisse des dépôts et consignations;
- 3° Investment service providers governed by Title III of Book V;
- 4° foreign central banks and credit institutions;
- 5° international financial institutions and international organizations;
- 6° according to the terms and conditions laid down by the General Council, *Banque de France* staff and any other person holding a customer account with the *Banque de France* as of 6 August 1993;
- 7° any other entity or person expressly authorized by decision of the General Council to open an account with the *Banque de France*.

Article L.141-9

The *Banque de France*, acting on its own behalf or on behalf of third parties, may conduct all transactions in gold, means of payment and securities denominated in foreign currencies or defined in terms of a weight in gold.

The *Banque de France* may borrow or lend French francs or foreign currencies from or to foreign banks and foreign or international monetary institutions or organizations.

When effecting these operations, the *Banque de France* shall request or give such guarantees or security as it deems appropriate.

CHAPTER II

ORGANISATION OF THE BANK

1.3. Part 1

Status of the *Banque de France*

Article L. 142-1

The *Banque de France* is an institution whose capital is owned by the State.

1.4. Part 2

The Monetary Policy Council

Article L. 142-2

The Monetary Policy Council shall examine monetary trends and analyse the implications of the monetary policy formulated within the framework of the European System of Central Banks.

In accordance with the guidelines and instructions of the European Central Bank, the Monetary Policy Council shall specify the terms and conditions for buying or selling, outright or under repurchase or resale agreements, lending or borrowing, discounting or taking as collateral claims, and issuing interest-bearing bills, as well as the nature and scope of the collateral to be attached to the loans granted by the *Banque de France*.

Article L. 142-3

The Monetary Policy Council shall comprise the Governor, the two Deputy Governors of the *Banque de France* and four other members.

The four other members shall be appointed by an Order made in the Council of Ministers for a six-year term of office, subject to the provisions of the fourth and fifth paragraphs of the present Article.

They shall be chosen from a list comprising three times as many names as the number of members to be appointed. This list shall be drawn up by mutual consent, or failing that, in equal parts, by the President of the Senate, the President of the National Assembly and the President of the Economic and Social Council. The names on the list shall be chosen from among persons of recognized standing and professional experience in monetary, financial and economic matters. Before being forwarded to the Government, the lists drawn up for the renewal of the terms of office of the members referred to in the second paragraph shall be submitted to the Monetary Policy Council for its comments.

The terms of office of half of the members referred to in the second paragraph shall come up for renewal every three years.

Dispositions for replacing members of the Council shall be taken at least eight days before their terms of office expire. Where an appointed member cannot complete his term of office, a successor shall be appointed immediately to replace him, in accordance with the conditions stipulated in the preceding paragraph. In this case, the successor only serves out the remainder of the term of office of the member being replaced.

When the first Monetary Policy Council is established, the terms of office of the six members other than the Governor and the Deputy Governors shall be determined by the drawing of lots in accordance with the terms laid down by the Council of State decree referred to in Article L.144-4. Two terms of office shall be of three years, two of six years and two of nine years.

The terms of office of the members mentioned in the second paragraph may not be renewed. However, this rule does not apply to those members having completed a three-year term in compliance with the measures referred to in the fifth paragraph, or who have replaced another member of the Council for a maximum of three years as specified in the fourth paragraph.

Article L. 142-4

The Monetary Policy Council shall meet at such times as the Governor, its Chairman, may convene a meeting, and at least once a month. The Governor shall be required to convene a meeting within forty-eight hours of receiving a request from the majority of the members of the Council.

Decisions taken at meetings of the Monetary Policy Council shall be valid only if at least two-thirds of the serving members are present. If this quorum is not met, the Governor shall convene another meeting of the Council with the same agenda, and its decisions shall be valid without regard to the quorum. Decisions

shall be taken by simple majority of the members present. In the event of a tie, the Chairman shall have the casting vote.

The Prime Minister and the Minister in charge of the Economy may attend meetings of the Monetary Policy Council, but may not vote. They may submit proposals for consideration by the Council.

If the Minister in charge of the Economy is unable to attend a meeting, he may, if need be, be represented by a person specifically nominated and especially empowered to do so.

The Monetary Policy Council shall make its decisions while respecting the independence of its Chairman, who is a member of the Governing Council of the European Central Bank, and the confidentiality rules of the said Bank.

Article L. 142-5

The members of the Monetary Policy Council shall be bound by professional secrecy.

A member may be dismissed before his term of office expires only if he is no longer capable of performing his duties or if he is guilty of serious misconduct. Any such removal from office shall require a reasoned submission from the Monetary Policy Council acting on a majority vote of its members excluding the person concerned.

The Governor, Deputy Governors and other members of the Monetary Policy Council may not engage in any other public or private professional occupation, gainful or not, except the exercise of a term of office as a member of the Economic and Social Council. Exemptions may be granted by the Council of Monetary Policy for teaching activities or positions in international organizations. They may not hold elected offices. If they are civil servants, they shall be considered to be on secondment, and may not be selected for discretionary promotion in their original administrative body.

When the Governor or Deputy Governors relinquish office for any reason other than dismissal for serious misconduct, they shall continue to receive their remuneration for three years. For the other members of the Monetary Policy Council, that period shall be one year. During that period, unless so authorized by the Monetary Policy Council, they may not engage in professional occupations other than elected public office or as members of the Government. Should the Monetary Policy Council authorize their engaging in a professional occupation, or should they hold elected public offices at a level other than national, the Council shall determine the terms and conditions under which all or part of their remuneration will continue to be paid.

1.5. Part 3

The General Council

Article L. 142-6

The General Council shall administer the *Banque de France*.

The Council shall decide on issues related to the conduct of the *Banque de France*'s activities other than those deriving from the tasks of the European System of Central Banks.

It shall decide on questions relating to the terms of employment of *Banque de France* staff. These terms shall be submitted by the Governor of the *Banque de France* for the approval of the relevant ministers.

The General Council shall also decide on the allocation of the Bank's own funds. It shall draw up the Bank's expenditure estimates and amendments thereto, make up the Bank's balance sheet and accounts, and propose the appropriation of net profit and the dividend to be paid to the State.

The General Council shall appoint two statutory auditors to review the accounts of the *Banque de France*. They shall be invited to attend the meeting of the General Council that approves the accounts for the year just ended.

Article L. 142-7

The General Council shall comprise the members of the Monetary Policy Council and a representative of the *Banque de France* staff elected for a six-year term.

Decisions taken at meetings of the Council shall be valid only if at least five members are present. Decisions shall be adopted by a majority of the votes of the members present. In the event of a tie, the Chairman shall have the casting vote.

The General Council may delegate powers to the Governor of the *Banque de France*, who may in turn sub-delegate these powers in accordance with the terms and conditions laid down by the General Council.

A Censor, or his alternate, appointed by the Minister in charge of the Economy, shall attend the meetings of the General Council. He may submit proposed decisions for the consideration of the Council.

Decisions adopted by the General Council shall be final, unless any objection is lodged by the Censor or his alternate.

1.6. Part 4

The Governor and the Deputy Governors

Article L. 142-8

The *Banque de France* shall be managed by the Governor of the *Banque de France*.

The Governor shall preside over the Monetary Policy Council and the General Council of the *Banque de France*.

He shall prepare and implement the decisions taken by these Councils.

He shall represent the Bank in dealings with third parties and shall sign alone, on behalf of the Bank, all formal agreements.

The Governor shall appoint all of the Bank's employees, subject to the provisions of Article L. 142-3.

The Governor shall be assisted by a First Deputy Governor and a Second Deputy Governor. The Deputy Governors shall exercise the functions delegated to them by the Governor. Should the Governor be absent or prevented from attending a meeting, one of the Deputy Governors, specifically nominated for that purpose by the Governor, shall preside over the Monetary Policy Council and the General Council.

The Governor and the two Deputy Governors shall be appointed by an Order made in the Council of Ministers for a six-year term of office, which may be renewed once. The age limit for holding these offices shall be sixty-five.

1.7. Part 5

Banque de France Staff

Article L. 142-9

The staff of the *Banque de France* shall be bound by professional secrecy .

The staff of the *Banque de France* are prohibited from taking or accepting any holding or any interest in, or remuneration whatsoever, whether in an active or advisory capacity, from any public or private enterprise of an industrial, commercial or financial nature, unless dispensation is granted by the Governor. These provisions shall not apply to the production of scientific, literary or artistic work.

1.8. Part 6

Branches

Article L. 142.10

The branches of the *Banque de France* shall take part in the performance of the Bank's tasks. They shall assist in maintaining the quality of banknotes and coin in circulation and in the execution of book-entry payments. They shall contribute to gathering data on the local economic fabric and the diffusion of economic and financial information. They shall administer and follow up on cases of overindebtedness as provided in Article L.141-6 of this Act.

In order to perform their tasks, they shall maintain relations with banks, enterprises, consular bodies, local authorities and local departments of State ministries within their field of action.

CHAPTER III

REPORT TO THE PRESIDENT OF THE REPUBLIC ACCOUNTABILITY TO PARLIAMENT

Article L. 143-1

At least once a year, the Governor of the *Banque de France* shall address a report on the Bank's transactions, the monetary policy it implements within the framework of the European System of Central Banks and the prospects for it to the President of the Republic and to Parliament.

In accordance with the provisions of Article 108 of the Treaty Establishing the European Community and the confidentiality rules of the European Central Bank, the Governor of the *Banque de France* or the Monetary Policy Council may be asked to appear before the Finance Committees of the two Chambers of Parliament and may themselves ask to appear before them.

The accounts of the *Banque de France* and the report of the statutory auditors shall be forwarded to the Finance Committees of the National Assembly and of the Senate.

CHAPTER IV

OTHER PROVISIONS

Article L. 144-1

The *Banque de France* shall be entitled to obtain from the credit and financial institutions all the documents and information necessary to perform its duties as defined in the first part of Chapter I. It may also have direct dealings with any enterprises and professional associations that are willing to participate in its surveys.

The *Banque de France* may communicate part or all of the information it holds on the indebtedness of undertakings to other central banks members of the European System of Central Banks, to other institutions vested, in a Member State of the European Union, with a similar mission to those conferred to the *Banque de France*, and to credit institutions and financial institutions established in a Member State of the European Union, under the condition of reciprocity.

Article L. 144-2

Operations carried out by the *Banque de France* and the activities referred to in the second paragraph of Article L. 142-6 shall be governed by civil and commercial law.

Article L. 144-3

Any litigation relating to the internal management of the *Banque de France* or between the *Banque de France* and members of the Monetary Policy Council, the General Council or its own staff shall fall within the jurisdiction of the administrative courts.

Article L. 144-4

A Decree in *Conseil d'Etat* lays down the implementing procedures of the present Title.

It shall specify in particular the capital of the *Banque de France*, the modalities concerning the setting up of its annual budget, the financing of its investments, the presentation of the settlement accounts, the appropriation of its annual results, the wages of the members of the Monetary Policy Council, as well as the terms and conditions governing the election of the representative of the *Banque de France* staff in the General Council.