

2nd November 1990

To the members of the Committee of Governors

Please find attached drafts of the "Introductory Report" and the "Commentary" on the draft Statute which have been revised in accordance with written comments and drafting suggestions from the Alternates.

As some of the Articles of the draft Statute are still not settled (with dissenting views being indicated by brackets in the Articles and/or by references in the comments), the corresponding passages in the Introductory Report and the Commentary have also been put between brackets. These parts will be amended in the light of the discussions in the Committee of Governors at its forthcoming meeting. In this context it might be recalled that the main open questions concern:

- the participation in the System (Article 1);
- the task to support the stability of the financial system (Article 3 and Chapter V);
- the necessity to bring all official foreign reserves into the System (Articles 3, 30 and 31);
- the System's competences in the field of foreign exchange policies (Articles 3 and 4.3);
- positioning of the decision-making bodies inside the ECB (Articles 8 and 9);
- distribution of responsibilities between the Council and the Executive Board (Article 12.1);
- involvement of national central banks in the execution of operations arising out of the System's tasks (Article 14.4);
- criteria for determining the key referred to in Article 28; a central bank has objected to the reference to "and/or financial criteria" in the comment to this Article;
- the possibility of paying in only part of the ECB's capital (Article 29.3);
- the necessity to transfer the ownership of reserves to the ECB (Article 30);

- the pooling of income according to the key attached to the Statute (Article 32) and the exclusion of certain income items from pooling (Article 32.2).

Moreover, the Bank of England has indicated that it wishes to see its reservations being reflected in the Introductory Report and the Commentary and that a text proposal to this effect was being prepared by the Bank of England for consideration at the forthcoming meeting.

With kind regards,



Gunter D. Baer

Committee of Governors of the
Central Banks of the Member States
of the European Economic Community

DRAFT STATUTE OF THE EUROPEAN SYSTEM OF CENTRAL BANKS

AND OF

THE EUROPEAN CENTRAL BANK

(COMMENTARY)

2nd NOVEMBER 1990

Note: Brackets indicate that the text of the comments needs to be reviewed in the light of the Governors' decisions on the final wording of the draft Statute.

CHAPTER I - CONSTITUTION OF THE SYSTEM

Article 1 - The System

This Article states that the European System of Central Banks (to be known as the "System") is composed of the European Central Bank - the ECB - and the central banks of the Member States.

The System does not enjoy legal personality but its constituent parts have separate legal personality. This implies that only the ECB and the national central banks, but not the System as such, can own, buy and sell assets, contract and sue or be sued. The term "System" should thus be understood to describe the existence of the ECB and the national central banks as integral parts of the System, governed by a common set of rules and committed to the objectives and tasks assigned to it.

For the ECB, the capacity to perform all operations representing legal acts is established explicitly in Article 9 of the Statute. At the same time, the national central banks will retain their legal personality in accordance with national law. As a consequence, the System will be able to operate not only through the national central banks (see Article 14.4) but also through the ECB; there is thus a high degree of flexibility for executing monetary policy operations.

Neither the System nor the ECB are to be classified as a Community institution under Article 4, paragraph 1 of the EEC Treaty. Instead, it is suggested that the establishment of the System is referred to separately in a new paragraph of this Article. In order to avoid any legal uncertainty arising from the possible application to the System of general provisions relating to Community institutions, Chapter VII includes the necessary provisions governing all general aspects of the System.

[A participating central bank is one whose Member State has become a member of the Monetary Union or has fully accepted the objectives of economic and monetary union and has pledged to become a member as soon as possible. For those Member States of the Community which will join the Monetary Union after the start of Stage Three, Chapter VIII contains transitional provisions spelling out the restricted rights and obligations of their central banks pending their full participation in the System.]

CHAPTER II - OBJECTIVES AND TASKS OF THE SYSTEM

Article 2 - Objectives

Article 2.1 expresses the unequivocal commitment to price stability as the primary objective of the System. However, since monetary policy is not considered to be conducted in isolation of other economic policy objectives, Article 2.2 explicitly states that without prejudice to the objective of price stability, the System shall support the general economic policy of the Community. Article 2.3 confirms the adherence of the System to the fundamental principle of a market-based economy.

Article 3 - Tasks

Article 3 lists the tasks which are normally associated with the activity of a central bank. In order to attain the primary objective of price stability, the System will have the exclusive responsibility for the formulation and implementation of the monetary policy of the Community. As foreign exchange interventions are an important channel of money creation and are thus closely linked to domestic monetary policy, the System shall be in a position to conduct freely foreign exchange market operations within the confines set by the political authorities' decisions about the Community's exchange rate regime. [Compliance with the mandate to hold and manage the official foreign reserves of the Community will require a Treaty provision according to which all official foreign reserves held by non-central bank bodies should be transferred to the national central banks of the countries concerned before the start of Stage Three (see also comments on Article 31).] The other tasks enumerated by Article 3 relate to the typical functions of a central bank in the context of clearing and payment systems (see Article 22) and [prudential supervision (see Chapter V)].

Albeit not specifically referred to in Article 3, other tasks may be conferred upon the System by Community legislation according to the simplified amendment procedure referred to in Article 41 in Chapter IX. However, it should be understood that the establishment of new tasks should not be at variance with the System's primary objective.

Article 4 - Advisory functions

Article 4 complies with the underlying idea that the System should be involved in all matters relating - directly or indirectly - to its field of activity. Thus, Article 4.1 establishes the obligation for the Community and national authorities to consult the ECB regarding all draft legislation, which falls within its field of competence. The possibility of consultation in the case of national legislation calls for Community legislation. Whenever reference is made in the Statute to Community legislation the procedure for complementary legislation referred to in Chapter IX (Article 42) is to be applied.

Article 4.3 has to be seen in the light of Article 3, second indent. The System is enabled to conduct [freely] foreign exchange operations, within the framework of the exchange rate regime of the Community while the political authorities have ultimate responsibility for decisions relating to the exchange rate regime. It is recognised that there is close interconnection between exchange market operations and monetary policy. For this reason, Article 4.3 establishes the obligation to consult the ECB with a view to reaching consensus prior to any decision on the exchange rate regime of the Community. [At the same time, this Article also provides a definition of the term "exchange rate regime".]

As stated in Article 12.3, the advisory functions will normally be exercised by the Council.

Article 5 - Collection of statistical information

Appropriate statistical information is an essential prerequisite for the conduct of monetary policy and the performance of the other tasks of the System. Thus, Article 5 establishes the necessary authority for the ECB to become active in this field and lays down some basic conditions for the execution of this task. In accordance with the principle of subsidiarity, and, more specifically, in line with Article 14.4, Article 5.2 requires that national central banks are involved to the extent possible in the collection of statistical information. Since statistical reporting requirements will also impose obligations on third parties, the application of Article 5 will necessitate Community legislation defining the natural and legal persons subject to reporting requirements, the confidentiality regime and the provisions for enforcement (Article 5.3).

Article 6 - International co-operation

Article 6 recognises the need for the System to play an active role in international monetary co-operation and to participate in international organisations.

The authority of the ECB to decide the methods of the System's representation in international monetary arrangements and the participation of its constituent parts in international monetary institutions ensures that the System "speaks with one voice"; at the same time, it provides some flexibility and would, for instance, allow national central banks to remain members of the Bank for International Settlements.

If the ECB is to represent the Community in international monetary institutions and is to be enabled to conclude agreements on behalf of the Community, a provision to this effect would need to be introduced into the Treaty.

CHAPTER III - ORGANISATION OF THE SYSTEM

Article 7 - Independence

In order to enable the System to pursue the primary objective of price stability it is important that the decision-making bodies should not be pressured to orient monetary policy towards conflicting goals. For this reason, Article 7 states that the ECB, the national central banks, and the members of their decision-making bodies shall act independently of instructions from political authorities. The principle of independence is extended further in a number of other provisions which are designed to give practical effect to this principle; these are Articles 11 and 14, which provide security of tenure to the members of the decision-making bodies; Article 21.1, which assures functional independence; Articles 16, 19 and 20, which ensure the operational independence of the System; and those provisions in Chapter VI, which establish the System's financial autonomy.

Although independent, the System must be accountable to the democratic institutions of the Community. Democratic accountability is to a significant extent ensured by the fact that the Treaty (and the Statute annexed to it) will have to be approved unanimously by all Member States and be ratified by their parliaments, and that the powers and responsibilities of the decision-making bodies as well as the scope of the System's functions are

clearly circumscribed by the Statute. In addition, the Statute contains several provisions which represent elements of democratic accountability: the appointment of the members of the decision-making bodies by the political authorities (see Articles 11 and 14), Article 15 which calls for co-operation with Community institutions and establishes procedures which ensure the transparency of the System's activities and Article 27 which involves the Council of the European Communities in the appointment of the auditors.

Article 8 - General principle

[Article 8 underlines that the authority of the Council and the Executive Board, which are the decision-making bodies of the ECB, extends to the whole System.]

Article 9 - The European Central Bank

The purpose of this Article is to set out in broad terms the basic provisions governing the ECB.

In addition, by giving legal personality to the ECB, Articles 9.1 and 9.2 ensure that the operations of the System can also be carried out by the central institution. This leaves open the possibility of greater centralisation in the execution of operations, should the need arise.

Article 10 - The Council

The composition and voting procedures of the Council reflect the federative structure of the System: all national central bank governors will be members of the Council and each one of them will have the right to vote. The principle of "one person, one vote" will apply to all decisions except those relating to capital, assets and profits (see Article 28). This principle reduces the risks of giving excessive weight to regional considerations and strengthens the decision-making process which must be oriented exclusively towards the requirements for the Community as a whole.

Article 10 also requires presence in person for voting on matters relating to the objectives and tasks of the System. This underlines that the responsibility for all policy-related decisions rests with the members of the Council and for this reason the responsibility may not be delegated. The requirement of "presence in person" would be met by a teleconference.

Article 11 - The Executive Board

This Article defines the composition and appointment and voting procedures of the Executive Board. In particular, the provisions assure the members of the Executive Board of the necessary security of tenure, both by specifying the length of term of office and the conditions under which the members can be relieved from office. The Article also recognises the need for democratic accountability by involving Community institutions in the appointment procedures.

Article 12 - Responsibilities of the governing bodies

Monetary policy is indivisible and the responsibility for it needs therefore to be placed firmly in the hands of a single body. This will be the Council which, pursuant to Article 12, will be the supreme decision-making body on all central banking matters. This involves in particular all strategic monetary policy decisions including those relating to intermediate monetary objectives, key interest rates and supply of reserves in the System and the establishment of guidelines for their implementation. At the same time, as the daily execution of monetary policies takes place in close contact with the market, it necessitates continuously operational decisions. The responsibility for those will fall to the Executive Board [to whom, in accordance with Article 12, the necessary operational powers for implementing the monetary policy decisions and guidelines shall be delegated].

[The Council may revoke such powers. Article 12.1, however, implies that the Council would have to re-delegate them immediately on different terms.]

Article 13 - The President

Article 13 defines the position of the President. It gives him the responsibility for chairing the Council and the Executive Board and for representing the ECB in and out of Court.

Article 14 - National central banks

Article 14 defines the roles of the national central banks. They will maintain their legal personality, but they will form an integral part of the System. This dual capacity is reflected in two areas. Firstly, the

national central bank Governors are members of the Council and in this function share the responsibility for the System as a whole. The appointment procedures for national central bank Governors and the minimum length of their term of office laid down in Article 14.2 have been designed with a view to this responsibility. Secondly, national central banks shall be involved, to the extent possible [and appropriate], in the execution of policy decisions. However, when carrying out operations, they will act in accordance with the instructions and guidelines of the decision-making bodies of the System. These two features make it necessary for the statutes of the national central banks to be brought into line with the present Statute.

Article 14.5 takes account of the fact that, for historical reasons, national central banks have assumed functions other than those to be performed by the System and that there might be a case for authorising them to assume new functions outside the scope of the System.

Article 15 - Inter-institutional co-operation and reporting commitments

Article 15 recognises that, with due respect for the independence of the System and the need for democratic accountability, appropriate procedures for co-operation and consultation with Community institutions, including reporting commitments, should be set up in order to ensure transparency and to promote a better understanding of the considerations underlying monetary policy.

CHAPTER IV - MONETARY FUNCTIONS AND OPERATIONS OF THE SYSTEM

This Chapter describes the monetary functions and operations that may be undertaken by the ECB and national central banks. The relevant Articles recognise that both are the operational arms of the System and do not prejudge as to how the execution of monetary operations will be distributed among them. Although national central banks are already authorised under their statutes to perform many of the operational functions mentioned in this Chapter, reference is made specifically to the national banks in many provisions of this Chapter. The reasons are to reaffirm that they have the necessary operational powers for executing the System's tasks and to indicate the areas in which operational procedures may need to be harmonised.

Article 16 - Notes and coins

Article 16.1 establishes the exclusive right of the Council to authorise the issue of notes, both in a situation when national currencies continue to circulate alongside each other and when there is a single currency. This provision also ensures that notes issued by the ECB and the national central banks are the sole payment media which have unrestricted legal tender status; it does not exclude the possibility of giving legal tender status to coins, which, however should apply only to a limited amount of coins.

Article 16.2 refers to the situation where national currencies continue to exist. The arrangements for the exchange of notes by national central banks at par value are designed to ensure full substitutability between the national currencies.

Article 16.3 is a corollary to Article 16.1. It is understood that coin-holdings by central banks should be kept to a minimum in order to avoid any significant lending to the issuers of such coins.

Article 17 - Accounts with the ECB and the national central banks

Article 17 establishes the technical prerequisites for the operation of monetary policy.

Article 18 - Open market and credit operations

In accordance with adherence to the principle of free and competitive markets (Article 2.3), this Article enables the ECB and the national central banks to regulate indirectly - and without recourse to administrative controls or restrictions - money and credit market conditions. This form of monetary management relies on financial incentives, leaving it to private market participants to respond voluntarily, and is widely used in countries with deregulated markets.

The nature of a credit institution with which operations will be conducted will be circumscribed with reference to agreed Community definitions.

Article 19 - Minimum reserves

Article 19 entitles the ECB to require credit institutions to hold minimum reserves on accounts with the ECB and national central banks and

defines the means which are at the disposal of the ECB in order to enforce this obligation. This instrument does not rely on the voluntary response of willing counterparties, but imposes an obligation on market participants. The Council shall establish the conditions and terms under which minimum reserves can be applied.

Article 20 - Other instruments

This Article enables the Council to decide on the use of market-conform techniques of monetary control other than those currently in use. Given the general principle stated in Article 2.3, the Council would not be allowed to resort to methods of direct control through administrative measures.

Article 21 - Operations with public entities

Article 21.1 rules out the possibility of any kind of direct credit extension by the ECB and the national central banks to Community institutions and governments or other public entities of Member States since this could easily lead to conflict with the primary objective of the System. However, the ECB and national central banks will not be prevented from purchasing government securities in the secondary market in the context of monetary policy operations.

The fiscal agent function referred to in Articles 21.2 to 21.4 describes a service traditionally provided by central banks to governments and other public entities.

Article 22 - Clearing and payment systems

Article 22 extends the role currently performed by national central banks in the field of clearing and payment systems to the System as a whole. This may imply that the ECB provides facilities with a view to promoting an expansion of the existing systems within the Community and with third countries and issues regulations in the field of clearing and payment systems.

Article 23 - External operations

The scope of external operations described in Article 23 will enable the ECB and national central banks to perform all operations necessary

for the conduct of the exchange rate policy of the Community as well as for the management of foreign exchange reserves.

Article 24 - Other operations

This provision enables the ECB to establish the internal infrastructure for the performance of its functions and confirms that the national central banks may continue to enter into such operations for their own administrative purposes.

CHAPTER V - PRUDENTIAL SUPERVISION

Article 25 specifies the activities which might be undertaken by the ECB in performing the tasks mentioned in Article 3 in respect of prudential supervision [and the stability of the financial system]. It is understood that Article 25 in conjunction with Article 14 does not affect the ability of national central banks and other national bodies so empowered to exercise supervisory functions or to adopt measures for which these national authorities have responsibility, having regard to the other objectives of the System. The ECB will essentially play an advisory role, assisting in the co-ordination of supervisory policies. [However, Article 25.2 provides for the possibility that the ECB itself were to be designated as competent supervisory authority; the possibility of such a transfer of competence to the ECB should be enabled by a provision in the Treaty.] [The involvement of the ECB in policies designed to promote the stability of the banking and financial systems should in no way be interpreted as a commitment to support an individual credit institution in the case of a crisis.]

CHAPTER VI - FINANCIAL PROVISIONS OF THE SYSTEM

These provisions establish the financial foundations of the System and ensure its financial autonomy which is an important element of the principle of independence (see comments on Article 7).

Article 26 - Financial accounts

As the System has no legal personality, all assets and liabilities related to the System's tasks will be recorded in the balance

sheets of either the ECB or the national central banks. However, the conduct of a single monetary policy and the need for proper information on sources of money creation throughout the Community will require the consolidation of such assets and liabilities within a single balance sheet structure (Article 26.3). The financial year will be the same for the ECB and the national central banks and in order to ensure the comparability of financial data, the Council will establish rules with a view to harmonising the accounting and reporting of operations undertaken by the national central banks (Article 26.4). This will also be necessary for the application of Article 32 concerning the pooling of the income arising from the System's activity. Article 26 does not preclude national central banks from presenting their own balance sheets in a manner consistent with existing national accounting practices.

Article 27 - Auditing

Auditing by independent external auditors and the fact that budgetary provisions contained in the Treaty do not apply to the System are essential for the financial autonomy of the ECB and the national central banks. The procedure for appointing auditors involves the Council of the European Communities in accordance with the principle of democratic accountability.

Article 28 - Voting on financial matters

By introducing weighted voting for all decisions relating to capital, assets, income and profits, Article 28 is a derogation from the principle of "one person, one vote" laid down in Article 10.2. This derogation is justified by the fact that such decisions are of a "patrimonial" nature. In order to ensure an equitable system, the key for weighting votes will be the same as that for the subscription by the national central banks to the capital of the ECB (Article 29), [for their contributions in the transfer of foreign reserves to the ECB (Article 30), as well as for the allocation of the System's income among the national central banks (Article 32)].

The key should be based on objective criteria such as gross national product and population [and/or financial criteria]. These aggregates bear some broad relationship with each country's contribution to total seigniorage, which will be the main source of income within the System. Since

the criteria determining the key may change over time, Article 28.2 provides for the possibility of reviewing and adjusting the key from time to time.

Article 29 - Capital of the ECB

The endowment of the ECB with its own capital reflects the institution's status as legal person with its own balance sheet and operations. The national central banks will be the sole subscribers to and holders of the ECB's capital.

The right of the Council to increase the ECB's capital from time to time and to determine [the extent to which and] the form in which this capital is to be paid up represents an important element of financial autonomy.

The distribution of capital shares according to the same key as that used for weighting votes aims at ensuring an equitable system of balanced rights and obligations. Following a change in the key there would be a re-allocation of share capital in accordance with the revised key and the methods established by the Council (see Article 29.5).

Article 30 - Transfer of foreign assets to the ECB

In a Monetary Union the exchange rate policy vis-à-vis third currencies is indivisible and consequently the management of official foreign reserves are a matter of common concern. [Article 30.1 establishes the procedure under which the ECB will be endowed by the national central banks with a certain amount of foreign reserves which would allow, to the extent necessary, the centralisation of operations in the exchange market.

The need for official reserves to be transferred to the ECB is difficult to quantify; it will, inter alia, depend on the exchange rate regime of the Community and the future international monetary and financial conditions. However, the amount of foreign exchange reserves placed at the disposal of the ECB will have to be sufficiently high to ensure the credibility of the System's exchange rate policy. These considerations are reflected in Article 30.1 which entitles the Council to decide within a fixed limit the proportion of foreign assets to be transferred to the ECB at the entry into force of the Statute and to be called up at later dates.

The ECB may call further contributions of foreign reserves beyond the limit set in Article 30.1, but since such calls are undetermined in size,

Article 30.4 stipulates that they will be made on the basis of Community legislation.

It is likely that, at the entry into force of the Statute, there will still be differences with respect to the level and the composition of the national central banks' foreign reserves. It might thus be necessary to make arrangements under which those national central banks, which would experience difficulties meeting their obligations under Article 30, could acquire foreign currency reserves from other national central banks. Such arrangements could be made by the Council in accordance with the enabling clause of Article 30.6.

As the pooling of foreign reserves primarily aims at endowing the ECB with intervention means, the mandatory transfers under Article 30.1 refer specifically to foreign convertible currencies. Article 30.5 also permits the pooling of claims on the IMF (reserve positions, SDRs), but the purpose of such action would be primarily to centralise the financial relations of the Community countries with the IMF. Thus, all claims would be pooled independently of the key used for the mandatory transfers. The application of this provision will require accompanying decisions by Member States appointing the ECB as their Agent at the IMF; this could be reflected in the Treaty or, if the pooling is envisaged for a later stage, be dealt with by secondary Community legislation.

Finally, it is understood that Article 30 does not prejudice the possible role of national central banks in the management of the foreign assets transferred to the ECB and in the execution of the foreign exchange interventions. This will have to be decided by the Council in the light of the principle laid down in Article 14.4.]

Article 31 - Foreign reserves held by national central banks

Depending on the limit set in Article 30.1 and the calls made under this provision, a significant part of the official foreign reserves might remain with the national central banks for some time. As changes in official foreign reserves not only affect exchange rates but also domestic liquidity conditions, Article 31.2 specifies that all foreign transactions undertaken by national central banks (except those in fulfilment of their obligations towards international organisations) will be subject to approval by the ECB.

[For the application of Article 31 (as well as Article 30), it is important that in those Community countries in which official foreign reserves are held by official bodies other than the national central bank, the necessary steps are taken to transfer these assets to the central bank before the start of Stage Three. This would allow each national central bank to participate in the transfer scheme and would ensure that all official foreign reserves in the Community would be subject to the guidelines of the Council. A Treaty provision should stipulate the transfer of all official foreign reserves to national central banks.]

Article 32 - Distribution of income of the System and allocation of net profits and losses of the ECB

[Article 32 establishes the principle that income arising from all operations undertaken under the System is pooled, independently of whether the assets and liabilities are owned by the ECB or the national central banks, or where the operations are executed.

This method recognises that in integrated Community-wide financial markets, where market forces play a decisive role in allocating domestic assets among the national central banks, there is no clear and equitable relationship between operations executed by an individual national central bank and its income situation. In this sense, income pooling is a logical corollary to the indivisibility of monetary policy. Alternative systems to the pooling of income would be possible in theory but would impose undue constraints on the conduct of the exchange rate and monetary policies of the System and would not be compatible with the aim of an efficient monetary management.

It is understood that in order to avoid distortive effects from national taxation, income will be pooled gross of taxes.

Pooling pre-tax income (instead of net profits) takes account of the fact that the operating costs of national central banks are different. The national central banks will remain free to organise their administrative structure in line with their income situation. In order to avoid major redistribution of seigniorage among Community countries at the entry into Stage Three, it might be necessary to insert a transitional provision which would ensure a gradual shift from the distribution of income before the start of Stage Three to a distribution according to the key attached to the Statute.]

CHAPTER VII - GENERAL PROVISIONS FOR THE SYSTEM

As has been pointed out in the comment on Article 1, the Statute is based on the assumption that the System is not classified as a Community institution in accordance with paragraph 1 of Article 4 of the EEC Treaty. Instead, the establishment of the System would be mentioned separately in a new paragraph of this Article 4. In order to avoid any legal uncertainty arising from the possible application to the System of general provisions relating to Community institutions, Chapter VII includes the necessary provisions governing all general aspects of the System. In many instances these provisions are broadly similar to those contained in the existing EEC Treaty.

CHAPTER VIII - TRANSITIONAL PROVISIONS FOR THE SYSTEM

The transitional provisions will deal with the start-up procedures, the necessary preparatory steps to be implemented in Stage Two, and the transitional provisions in Stage Three, which may include a schedule ensuring a gradual shift to an income distribution based on the key attached to the Statute (see comment on Article 32) and possibly [provisions for the implications of full participation in the System by some of the Member States at different dates].

CHAPTER IX - AMENDMENT AND COMPLEMENTARY PROVISIONS FOR THE SYSTEM

If the Statute is annexed to the Treaty in the form of a Protocol, it will have the status of EEC primary law and any revision of the provisions of the Statute would normally be subjected to the Treaty revision procedure laid down in Article 236 of the Treaty.

Some flexibility, however, needs to be preserved for amending provisions of a more technical nature in response to changing circumstances and for complementing the Statute in those Articles which call for Community legislation. Chapter IX will introduce a simplified procedure to amend all those provisions which do not embody the fundamental principles of the System. It will also provide for a complementary procedure specifying what steps should be followed where acts of Community legislation are required by the draft Statute.

Democratic legitimacy requires that amendments or complements to the Statute are in accordance with the legislative process of the Community. As the legislative process of the Community to be followed in the future is expected to be revised in the context of the Intergovernmental Conference on Political Union, no concrete draft proposals for the Articles under Chapter IX have yet been made.