



PRESS RELEASE

Communique on Bulgaria

10 July 2020

At the request of the Bulgarian authorities, the finance ministers of the euro area Member States of the European Union, the President of the European Central Bank, and the finance ministers and central bank governors of Denmark and Bulgaria have decided, by mutual agreement, to include the Bulgarian lev in the Exchange Rate Mechanism (ERM II). The Commission has been involved and the Economic and Financial Committee has been consulted.

- > The central rate of the Bulgarian lev is set at 1 euro = 1.95583 leva.
- > The standard fluctuation band of plus or minus 15 percent will be observed around the central rate of the lev.

At the same time, following a careful assessment of the appropriateness and sustainability of Bulgaria's currency board, it was accepted that Bulgaria is joining the exchange rate mechanism with its existing currency board arrangement in place, as a unilateral commitment, thus placing no additional obligations on the ECB.

The agreement on participation of the lev in ERM II is based, inter alia, on the commitment by Bulgaria to join the Banking Union and ERM II simultaneously and the completion by the Bulgarian authorities of a set of measures, described in their letter of intent dated 29 June 2018, that are highly relevant for a smooth transition to, and participation in ERM II. These measures pertain to the following six policy areas: banking supervision, the macroprudential framework, the supervision of the non-banking financial sector, the anti-money laundering framework, the insolvency framework, and the governance of state-owned enterprises. The ERM II parties welcome the positive assessment of the implementation of these commitments by the European Central Bank and the European Commission. The European Central Bank has today also announced the establishment of close cooperation with Българска народна банка (Bulgarian National Bank).^[1]

The agreement on participation of the Bulgarian lev in ERM II is furthermore accompanied by a firm commitment by the Bulgarian authorities to pursue sound economic policies with the aim of preserving economic and financial stability and achieving a high degree of sustainable economic convergence. The Bulgarian authorities have committed to implement specific policy measures on the non-banking financial sector, state-owned enterprises, the insolvency framework, and the anti-money laundering framework. Bulgaria will also continue implementing the extensive reforms carried out in the judiciary and in the fight against corruption and organized crime in Bulgaria, in light of their importance for the stability and the integrity of the financial system.

The authorities, together with the responsible European Union bodies, will closely monitor macroeconomic policy developments and the implementation of these policy measures, in the appropriate frameworks.

The compulsory intervention points in the exchange rate mechanism will be communicated by the ECB and Българска народна банка (Bulgarian National Bank), in time for the opening of foreign exchange markets on 13 July.

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Annex

[📄 Application letter from the Bulgarian authorities - including the annex with the post-entry commitments to be taken at the time of ERM II entry](#)

^[1] [ECB establishes close cooperation with Bulgaria's central bank](#)