MONETARY AGREEMENT

between the European Union and the Republic of San Marino

(2012/C 121/02)

THE EUROPEAN UNION,

and

THE REPUBLIC OF SAN MARINO,

Whereas:

(1) On 1 January 1999, the euro replaced the currency of each Member State participating in the third stage of Economic and Monetary Union, among which Italy, pursuant to Council Regulation (EC) No 974/98 (\(^1\)) of 3 May 1998.

(2) Before the introduction of the euro, Italy and the Republic of San Marino had concluded bilateral agreements on monetary matters, and lastly the *Convenzione monetaria tra la Repubblica Italiana e la Repubblica di San Marino*, concluded on 21 December 1991.

(3) The Declaration No 6 annexed to the Final Act of the Treaty on European Union stated that the Community should facilitate the renegotiation of existing arrangements with the Republic of San Marino as might become necessary as a result of the introduction of the single currency.

(4) The Italian Republic concluded on 29 November 2000, on behalf of the European Community, a Monetary Agreement with the Republic of San Marino (\(^2\)).

(5) In accordance with this Monetary Agreement, the Republic of San Marino uses the euro as its official currency and grants legal tender status to euro banknotes and coins. It should ensure that European Union (EU) rules on banknotes and coins denominated in euro — including those related to its protection against counterfeiting — are applicable within its territory. The Republic of San Marino shall undertake all the necessary measures to combat counterfeiting and to cooperate with the European Commission, the European Central Bank (ECB) and Europol. Until a cooperation agreement between Europol and the Republic of San Marino is signed, the Republic of San Marino shall cooperate with Europol via the competent Italian authorities in this area.

(6) The Republic of San Marino should take particular account of the recommendations of the Financial Action Task Force (FATF), notably FATF calls to its members and FATF-style regional body members to apply necessary countermeasures against identified high risk jurisdictions. The Republic of San Marino, which is represented in the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, takes duly account of the recommendations made or to be made in the Republic of San Marino mutual evaluation reports so as to enhance its response to money laundering threats.

(7) This Agreement does not impose any obligation on the ECB and national central banks to include the financial instruments of the Republic of San Marino in the list(s) of assets eligible for monetary policy operations of the European System of Central Banks.

(8) The Republic of San Marino has a banking sector which expects to operate in closer connection with that of the euro area. Relevant EU banking and financial legislation, legislation concerning the prevention of money laundering, the prevention of fraud and counterfeiting of non-cash means of payment and statistical reporting requirements should therefore be made progressively applicable to the Republic of San Marino with a view to ensuring a more level playing field.

(9) A Joint Committee composed of representatives of the Republic of San Marino, the Italian Republic, the Commission and the ECB should be established in order to examine the application of this Agreement, decide the annual ceiling for coin issuance and assess the measures taken by the Republic of San Marino for implementing relevant EU legislation.

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The Court of Justice of the European Union should be the judicial body in charge of settling any disputes which may arise from the application of the Agreement.

HAVE AGREED AS FOLLOWS:

Article 1

The Republic of San Marino shall be entitled to use the euro as its official currency in accordance with Council Regulation (EC) No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro ( 1 ) and Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro. The Republic of San Marino shall grant legal tender status to euro banknotes and coins.

Article 2

The Republic of San Marino shall not issue any banknotes, coins or monetary surrogates of any kind unless the conditions for such issuance have been agreed with the European Union. The conditions for issuing euro coins as from the entry into force of this Agreement are laid down in the following articles.

Article 3

The annual ceiling (in value terms) for the issuance of euro coins by the Republic of San Marino shall be calculated by the Joint Committee established by the present Agreement as the sum of:

— a fixed part, whose initial amount for the first year following the entry into force of this Agreement is set at EUR 2 600 000. The Joint Committee may revise annually the fixed part with a view to taking into account both inflation — on the basis of the HICP inflation of Italy in the last 12 months for which the data are available at the moment of the calculation — and the possible significant trends affecting the euro coins collector market,

— a variable part, corresponding to the average per capita coin issuance of the Italian Republic in the last 12 months for which the data are available multiplied by the number of inhabitants of San Marino.

Article 4

1. Euro coins issued by the Republic of San Marino shall be identical to those issued by the Member States of the European Union which have adopted the euro as far as the face value, legal tender status, technical characteristics, artistic features of the common side and shared artistic features of the national side are concerned.

2. The Republic of San Marino shall notify in advance the draft national sides of its euro coins to the European Commission, which shall check their compliance with the EU rules.

Article 5

1. Euro coins issued by the Republic of San Marino shall be minted by the Istituto Poligrafico e Zecca dello Stato of the Italian Republic.

2. By derogation to paragraph 1, San Marino may have its coins minted by an EU mint striking euro coins other than the one mentioned in paragraph 1, with the agreement of the Joint Committee.

3. At least 70 % of euro coins intended for circulation shall be put into circulation at face value as of the year following the entry into force of this Agreement. This proportion shall reach 80 % after three years. Thereafter, the Joint Committee will regularly review the adequacy of this proportion.

4. The Republic of San Marino may issue euro collector coins. They shall be included in the annual ceiling referred to in Article 3. The issuance of euro collector coins by the Republic of San Marino shall be in accordance with the European Union guidelines laid down for euro collector coins, which, inter alia, require the adoption of technical characteristics, artistic features and denominations that enable euro collector coins to be distinguished from coins intended for circulation.

Article 6

1. The volume of euro coins issued by the Republic of San Marino shall be added to the volume of coins issued by Italy for the purposes of European Central Bank approval of the total volume of the issue by the Italian Republic in accordance with Article 128(2) of the Treaty on the Functioning of the European Union.

2. No later than 1 September each year, the Republic of San Marino shall notify the European Commission and the Italian Republic of the volume and the face value of the euro coins that it intends to issue during the following year. It shall also inform the European Commission about the intended conditions of issuance of these coins, in particular the proportion of collector coins and the detailed arrangements for the introduction of circulation coins.

3. Upon the signature of this Agreement, the Republic of San Marino shall communicate the information as mentioned in paragraph 2 for the year following the date of entry into force of the Agreement.

Article 7

1. This Agreement does not prejudice the right of the Republic of San Marino to continue issuing gold coins denominated in scudi.

2. Collector coins and gold coins denominated in scudi issued by the Republic of San Marino shall not be legal tender in the European Union.

Article 8

1. The Republic of San Marino shall undertake to adopt all appropriate measures, through direct transposition or possibly equivalent actions, with a view to implementing the EU legal acts and rules listed in the Annex to this Agreement, in the field of:

(a) euro banknotes and coins;

(b) banking and financial law, in particular in relation to the activity and supervision of the institutions concerned;

(c) prevention of money laundering, prevention of fraud and counterfeiting of cash and non-cash means of payment, medals and tokens and statistical reporting requirements. Regarding legislation on the collection of statistical information, the detailed rules of implementation and the technical adaptations (including the appropriate derogations taking into account the specific status of San Marino) shall be agreed with the European Central Bank not later than 18 months before the required start of the statistical reporting;

(d) the measures necessary for the use of the euro as a single currency adopted under Article 133 of the Treaty on the Functioning of the European Union.

2. The legal acts and rules referred to in paragraph 1 shall be implemented by the Republic of San Marino in accordance with the deadlines specified in the Annex, which run as of the entry into force of this Agreement.

3. The ceiling referred to in Article 3:

(a) shall be automatically and temporarily cut by 1/3 if and when a deadline specified in the Annex is not met, for as long as the EU legal acts or rules concerned have not been adopted;

(b) may be temporarily cut by 1/2 on a decision of the Council acting by qualified majority on a proposal from the Commission and after having heard representatives of the Republic of San Marino if and when the Republic of San Marino fails during more than two years to comply with one or several EU legal acts or rules listed in the Annex, that it has adopted within the agreed deadline.

4. The Republic of San Marino may request technical assistance of the entities constituting the delegation of the European Union in order to facilitate implementation of relevant EU legislation.

5. The Annex shall be amended by the Commission once a year or more often if deemed appropriate, with a view to taking into account the new relevant EU legal acts and rules and the amendments to the existing ones. The Joint Committee shall thereafter decide on appropriate and reasonable deadlines for the implementation by the Republic of San Marino of the new legal acts and rules added to the Annex.

6. The Joint Committee may, in exceptional cases, revise an existing deadline specified in the Annex.


Article 9

Credit institutions and, where appropriate, other financial institutions authorised to carry out their activities in the territory of the Republic of San Marino may have access to interbank settlement and payment and securities settlement systems in the euro area under appropriate terms and conditions to be determined by the Bank of Italy, in agreement with the European Central Bank.

Article 10

1. The Court of Justice of the European Union shall have exclusive competence for settling any dispute between the parties which may arise from the application of this Agreement and which have not been solved within the Joint Committee.

2. If the European Union, represented by the European Commission and acting on a recommendation by the EU delegation in the Joint Committee, or the Republic of San Marino considers that the other party has not fulfilled an obligation under this Agreement, it may bring the matter before the Court of Justice. The judgment of the Court shall be binding on the parties, which shall take the necessary measures to comply with the judgment within a period to be decided by the Court in its judgment.

Article 11

2. The Joint Committee shall meet at least once a year. The Chair shall rotate on an annual basis between a representative of the European Union and a representative of the Republic of San Marino. The Joint Committee shall adopt its decisions unanimously.

3. The Joint Committee shall exchange views and information and adopt the decisions referred to in Articles 3, 5 and 8. It shall examine the measures taken by the Republic of San Marino and shall endeavour to solve any disputes resulting from the implementation of this Agreement.

4. The European Union shall be the first to chair the Joint Committee upon the entry into force of this Agreement, as laid down in Article 13.

**Article 12**

Each party may terminate this Agreement subject to one year's notice.

**Article 13**

This Agreement shall enter into force on the first day of the month following the date on which the Parties have notified each other that their ratification, conclusion or adoption procedures have been completed in accordance with the rules applicable to each Party.

**Article 14**

The Monetary Agreement of 29 November 2000 shall be repealed from the date of entry into force of the present Agreement. References to the Agreement of 29 November 2000 shall be understood as references to the present Agreement.

Done at Brussels on 27 March 2012 in two originals in the English language.

For the European Union  
Olli REHN  
Vice-President of the European Commission in charge of Economic and Monetary Affairs and the Euro

For the Republic of San Marino  
Antonella MULARONI  
Minister of Foreign Affairs
**ANNEX**

<table>
<thead>
<tr>
<th>LEGAL PROVISIONS TO BE IMPLEMENTED</th>
<th>DEADLINE FOR IMPLEMENTATION (APPLICABLE SINCE THE ENTRY INTO FORCE OF THE AGREEMENT)</th>
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<td>Prevention of money laundering</td>
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<td><strong>Prevention of fraud and counterfeiting</strong></td>
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<td>Council Framework Decision 2000/383/JHA of 29 May 2000 on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro (OJ L 140, 14.6.2000, p. 1)</td>
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<td><strong>Rules on euro banknotes and coins</strong></td>
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<td>Council conclusions of 10 May 1999 on the quality management system for euro coins</td>
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<td>Council conclusions of 23 November 1998 and of 5 November 2002 on collector coins</td>
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<td>Communication from the Commission 2001/C 318/03 of 22 October 2001 on copyright protection of the common face design of the euro coins (C(2001) 600 final) (OJ C 318, 13.11.2001, p. 3)</td>
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<td>Guideline of the European Central Bank ECB/2003/5 of 20 March 2003 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (OJ L 78, 25.3.2003, p. 20)</td>
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<td><strong>Banking and financial legislation</strong></td>
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Legislation on collection of statistical information (Article 6.1 of the mandate)


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