EUROPEAN CENTRAL BANK

GUIDELINE OF THE EUROPEAN CENTRAL BANK

of 24 July 2006

on the exchange of banknotes after the irrevocable fixing of exchange rates in connection with the introduction of the euro

(ECB/2006/10)

(2006/549/EC)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty establishing the European Community, and in particular Article 106(1) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 52 thereof,

Whereas:

(1) Article 52 of the Statute requires that the Governing Council take the necessary measures to ensure that banknotes denominated in currencies with irrevocably fixed exchange rates are exchanged by the national central banks (NCBs) of participating Member States at their respective par values. These measures involve the exchange of banknotes of a new participating Member State: (a) into euro banknotes and coins; or (b) for the crediting of funds to an account. By contrast, whenever a new participating Member State has a transitional period, then during that period these measures will instead involve the exchange of banknotes: (a) into the national currency of that new participating Member State; or (b) for the crediting of funds to an account.

(2) Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro [1] provides for different possible cash changeover regimes for Member States that adopt the euro. This Guideline ensures that the exchange of new participating Member States' banknotes can take place regardless of which national cash changeover regime is chosen.

(3) Certain categories of banknotes, namely badly mutilated banknotes and banknotes which have been marked as part of national marking schemes to facilitate and protect the withdrawal of national banknotes, do not generally qualify for exchange and are therefore excluded from exchange under this Guideline.

(4) In the event that a new participating Member State has a transitional period, then the duration of the arrangements under this Guideline in that Member State will be longer as they will take this period into account, although such a transitional period should not prolong the exchange period for banknotes of other new participating Member States,

HAS ADOPTED THIS GUIDELINE:

Article 1

Definitions

For the purposes of this Guideline:

— 'participating Member State' means a Member State that has adopted the euro,

— 'new participating Member State' means a participating Member State that has adopted the euro but in which euro banknotes and coins are not the only legal tender,

— 'euro adoption date' means the date on which the abrogation of a given Member State's derogation under Article 122(2) of the Treaty enters into force,

— 'dual circulation period' means the period between the cash changeover date in a given new participating Member State and the last date on which the national currency of that new participating Member State can be used as legal tender in parallel with the euro,

— 'cash changeover date' means the date on which euro banknotes and coins acquire the status of legal tender in a given new participating Member State,

— 'national currency' means the banknotes and coins of a new participating Member State that were issued by the competent authority in that Member State before the euro adoption date,

[1] OJ L 139, 11.5.1998, p. 1. Regulation as last amended by Regulation (EC) No 2169/2005 (OJ L 346, 29.12.2005, p. 1).

— 'banknotes of a new participating Member State' means banknotes issued by the NCB of a new participating Member State which were legal tender on the day before the euro adoption date and which are presented to another NCB or the latter's appointed agent for exchange,

— 'transitional period' means a period of three years at the most beginning at 00.00 hours (local time) on the euro adoption date and ending at 00.00 hours (local time) on the cash changeover date,

— 'Eurosystem NCB' means the NCB of a participating Member State (including an NCB of a new participating Member State),

— 'par value' means the value resulting from the conversion rates adopted by the EU Council under Article 123(4) of the Treaty, without any spread between buying and selling rates,

— 'marking' means the identification of banknotes with a distinctive and specific symbol, for example holes punched by perforators, as part of a national marking scheme to facilitate and protect the withdrawal of banknotes of a new participating Member State that were issued by the competent authority in that Member State before the euro adoption date.

Article 2

Obligation to exchange at par value

1. The Eurosystem NCBs shall, at least in one location in the national territory, by themselves or through their appointed agent, ensure that banknotes of a new participating Member State can be either: (i) exchanged into euro banknotes and coins; or (ii) upon request, credited to an account held with the institution effecting the exchange, if the national legislation of the Member State in which the exchange is taking place provides for this possibility. In both cases the exchange shall be at the relevant par value.

2. If there is a transitional period in a new participating Member State, during that period the provisions of paragraph 1 shall apply to the NCB of that new participating Member State, except that under subparagraph (i) the exchange shall be into the national currency of that Member State rather than into euro banknotes and coins.

3. The Eurosystem NCBs may limit the number and/or the total value of banknotes of new participating Member States that they are prepared to accept from any given party:

(i) for any given transaction; or

(ii) on any one day,

to an amount of between EUR 500 and 2 500, with the level of the amount varying according to national practice.

4. The Eurosystem NCBs are responsible for the repatriation of banknotes of a new participating Member State that they exchange pursuant to this Guideline to the NCB of the Member State in which the banknotes in question were issued.

Article 3

Banknotes which do not qualify for exchange

Badly mutilated banknotes of a new participating Member State shall not qualify for exchange under this Guideline. In particular, no banknote shall qualify for exchange if it consists of more than two parts of the same banknote joined together or has been damaged by anti-theft devices. In addition, no banknote shall qualify for exchange if it has been subject to marking or has been damaged in a manner that makes it impossible to check for the presence of marking.

Article 4

Duration of arrangements under this Guideline

1. In relation to those banknotes of a new participating Member State that qualify for exchange, the requirements set out in Articles 2 and 3 shall apply:

(a) from that new participating Member State's euro adoption date;

(b) until all such banknotes presented for exchange before the expiry of a period of two months after that new participating Member State's cash changeover date, have been exchanged.

2. If a given new participating Member State has a dual circulation period that is longer than two months, then the period referred to in paragraph 1(b) shall instead be the longest of the dual circulation periods of all the new participating Member States which have the same euro adoption date as the given new participating Member State.

3. The duration of the arrangements under this Guideline shall be the same for all new participating Member States that have the same euro adoption date. This duration shall be equivalent to the longest duration resulting from application of paragraphs 1 and 2. The existence of a transitional period in a given new participating Member State shall not prolong the exchange period for banknotes of other new participating Member States.

Article 5

Entry into force

This Guideline shall enter into force on the day following its publication in the *Official Journal of the European Union*.

Article 6

Addressees

This Guideline is addressed to the NCBs of participating Member States.

Done at Frankfurt am Main, 24 July 2006.

For the Governing Council of the ECB
The President of the ECB
Jean-Claude TRICHET