



EUROPEAN CENTRAL BANK

EUROSYSTEM

*COURTESY TRANSLATION*

Mr Mario Borghezio  
Member of the European Parliament  
**European Parliament**  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 20 October 2011

L/JCT/11/804

**Re.: Your letter**

Dear Mr Borghezio,

Thank you for your letter passed on to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, and accompanied by a covering letter dated 15 September 2011.

The European Central Bank (ECB) and the euro area National Central Banks (NCBs) issue euro banknotes in accordance with Article 128 of the Treaty on the Functioning of the European Union and Article 2 of the Decision ECB/2010/29 of 13 December 2010 on the issue of euro banknotes (recast)<sup>1</sup>. These euro banknotes are the only banknotes to have the status of legal tender within the Member States whose currency is the euro.

In compliance with the principle of decentralisation for Eurosystem operations, the NCBs are entrusted with putting into and withdrawing from circulation all euro banknotes including those issued by the ECB. The liabilities in respect of the issue of the total value of euro banknotes in circulation are allocated to the Eurosystem members in proportion to their paid-up shares in the capital of the ECB, while 8% of the total value of euro banknotes in circulation is allocated to the ECB.

When issuing banknotes, the NCBs acquire assets. The income earned on these assets, which are held against notes in circulation, forms part of the monetary income of the Eurosystem. The sum of the monetary income earned from all Eurosystem NCBs is pooled and then reallocated to them in proportion to their paid-up shares in the capital of the ECB. For more details on the existing monetary income regime, you may also want to refer to the Decision ECB/2010/23 of 25 November 2010 on the allocation of monetary income of the national central banks of Member States whose currency is the euro<sup>2</sup>.

Yours sincerely,

[signed]

Jean-Claude Trichet

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<sup>1</sup> [http://www.ecb.europa.eu/ecb/legal/pdf/1\\_03520110209en00260030.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/1_03520110209en00260030.pdf)

<sup>2</sup> [http://www.ecb.europa.eu/ecb/legal/pdf/1\\_03520110209en00170025.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/1_03520110209en00170025.pdf)