

# EUROPEAN CENTRAL BANK

## AGREEMENT

of 8 December 2008

between the European Central Bank and the national central banks of the Member States outside the euro area amending the Agreement of 16 March 2006 between the European Central Bank and the national central banks of the Member States outside the euro area laying down the operating procedures for an exchange rate mechanism in stage three of economic and monetary union

(2009/C 16/02)

1. **Българска народна банка (Bulgarian National Bank)**

1, Kynaz Alexander 1 Sq.  
BG-Sofia-1000

**Česká národní banka**

Na Příkopě 28  
CZ-115 03 Praha 1

**Danmarks Nationalbank**

Havnegade 5  
DK-1093 Copenhagen K

**Eesti Pank**

Estonia pst. 13  
EE-15095 Tallinn

**Latvijas Banka**

K. Valdemara iela 2a  
LV-1050 Riga

**Lietuvos bankas**

Totoriu g. 4  
LT-01121 Vilnius

**Magyar Nemzeti Bank**

Szabadság tér 8/9  
H-1054 Budapest

**Narodowy Bank Polski**

ulica Świętokrzyska 11/21  
PL-00-919 Warsaw

**Banca Națională a României**

Strada Lipscani nr. 25, sector 3  
RO-030031 Bucharest

**Národná banka Slovenska**

Imricha Karvaša 1  
SK-813 25 Bratislava

**Sveriges Riksbank**

Brunkebergstorg 11  
S-103 37 Stockholm

**Bank of England**

Threadneedle Street  
London EC2R 8AH  
United Kingdom

and

## 2. European Central Bank (ECB)

(hereinafter the 'Parties')

Whereas:

1. The European Council in its Resolution of 16 June 1997 (hereinafter the 'Resolution') agreed to set up an exchange rate mechanism (hereinafter the 'ERM II') when the third stage of economic and monetary union began on 1 January 1999.
2. Under the terms of the Resolution, ERM II is designed to help ensure that non-euro area Member States participating in ERM II orient their policies to stability, foster convergence and thereby help the non-euro area Member States in their efforts to adopt the euro.
3. Slovakia, as a Member State with a derogation, has participated in ERM II since 2 November 2005. Národná banka Slovenska is a party to the Agreement of 16 March 2006 between the European Central Bank and the national central banks of the Member States outside the euro area laying down the operating procedures for an exchange rate mechanism in stage three of economic and monetary union <sup>(1)</sup>, as amended by the Agreement of 21 December 2006 <sup>(2)</sup> and by the Agreement of 14 December 2007 <sup>(3)</sup> (hereinafter collectively referred to as the 'ERM II Central Bank Agreement').
4. Pursuant to Article 1 of Council Decision 2008/608/EC of 8 July 2008 in accordance with Article 122(2) of the Treaty on the adoption by Slovakia of the single currency on 1 January 2009 <sup>(4)</sup> the derogation in favour of Slovakia referred to in Article 4 of the 2003 Act of Accession is abrogated with effect from 1 January 2009. The euro will be Slovakia's currency from 1 January 2009 and Národná banka Slovenska should no longer be party to the ERM II Central Bank Agreement from that date.
5. The current arrangements for ERM II intervention at the margins are provided for in the ERM II Central Bank Agreement.
6. The current arrangements for ERM II interventions require further updating and revising in order to take into account the imposition of a new criterion on counterparties eligible to conduct interventions at the margins and to refine an existing eligibility criterion.
7. It is therefore necessary to amend the ERM II Central Bank Agreement to take account of the abrogation of the derogation in favour of Slovakia and changes to the eligibility criteria for ERM II intervention at the margins,

HAVE AGREED AS FOLLOWS:

### *Article 1*

#### **Amendment to the ERM II Central Bank Agreement in view of the abrogation of Slovakia's derogation**

Národná banka Slovenska shall no longer be party to the ERM II Central Bank Agreement from 1 January 2009.

### *Article 2*

#### **Replacement of Annexes I and II to the ERM II Central Bank Agreement**

2.1. Annex I to the ERM II Central Bank Agreement is replaced by the text set out in Annex I to this Agreement.

2.2. Annex II to the ERM II Central Bank Agreement is replaced by the text set out in Annex II to this Agreement.

<sup>(1)</sup> OJ C 73, 25.3.2006, p. 21.

<sup>(2)</sup> OJ C 14, 20.1.2007, p. 6.

<sup>(3)</sup> OJ C 319, 29.12.2007, p. 7.

<sup>(4)</sup> OJ L 195, 24.7.2008, p. 24.

## Article 3

**Final provisions**

3.1. This Agreement amends the ERM II Central Bank Agreement with effect from 1 January 2009.

3.2. This Agreement shall be drawn up in English and duly signed by the Parties' duly authorised representatives. The ECB, which shall retain the original Agreement, shall send a certified copy of the original Agreement to each euro area and non-euro area national central bank. The Agreement shall be published in the *Official Journal of the European Union*.

Done at Frankfurt am Main, on 8 December 2008.

For

**Българска народна банка (Bulgarian National Bank)**

For

**the Magyar Nemzeti Bank**

For

**Česká národní banka**

For

**Narodowy Bank Polski**

For

**Danmarks Nationalbank**

For

**Banca Națională a României**

For

**Eesti Pank**

For

**Národná banka Slovenska**

For

**Latvijas Banka**

For

**Sveriges Riksbank**

For

**Lietuvos bankas**

For

**the Bank of England**

For

**the European Central Bank**

## ANNEX I

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**QUOTATION CONVENTION FOR CURRENCIES PARTICIPATING IN ERM II AND THE PAYMENT AFTER PAYMENT PROCEDURE IN THE EVENT OF INTERVENTION AT THE MARGINS****A. Quotation convention**

For all the currencies of the non-euro area Member States participating in ERM II, the exchange rate for the bilateral central rate *vis-à-vis* the euro shall be quoted using the euro as the base currency. The exchange rate shall be expressed as the value of E1 using six significant digits for all currencies.

The same convention shall be applied for quoting the upper and lower intervention rates *vis-à-vis* the euro of the currencies of the non-euro area Member States participating in ERM II. The intervention rates shall be determined by adding or subtracting the agreed bandwidth, expressed as a percentage, to or from the bilateral central rates. The resulting rates shall be rounded to six significant digits.

**B. Payment after payment procedure**

A payment after payment procedure shall be applied by both the ECB and the euro area national central banks (NCBs) in the event of intervention at the margins. The non-euro area NCBs participating in ERM II shall apply the payment after payment procedure when acting as correspondents of the euro area NCBs and the ECB in accordance with this Annex; the non-euro area NCBs participating in ERM II may, at their discretion, adopt the same payment after payment procedure when settling intervention at the margins that such NCBs have carried out on their own behalf.

*(i) General principles*

- The payment after payment procedure shall be applied when intervention at the margins in ERM II takes place between the euro and the currencies of the non-euro area Member States participating in ERM II.
- To be eligible for intervention at the margins in ERM II, counterparties shall be required to keep an account with the NCB concerned and to maintain a SWIFT address. Counterparties shall, as an additional eligibility criterion, also be required to provide the NCB concerned in advance with their standard settlement instructions in the ERM II currencies and any further updates to these instructions. Eligible counterparties may be requested to provide the ECB or NCBs with contact details as specified by the ECB and the NCBs concerned from time to time.
- Counterparties eligible for intervention at the margins in ERM II may also conduct such intervention directly with the ECB, provided that they also have the status of eligible counterparties for executing foreign exchange transactions with the ECB pursuant to Guideline ECB/2008/5 of 20 June 2008 on the management of the foreign reserve assets of the European Central Bank by the national central banks and the legal documentation for operations involving such assets <sup>(1)</sup>.
- The non-euro area NCBs participating in ERM II shall act as the correspondents of the euro area NCBs and the ECB.
- When intervention at the margins takes place, the NCB concerned or the ECB shall release its payment for a given transaction only after receiving confirmation from its correspondent that the amount due has been credited to its account. Counterparties shall be required to pay in due time so as to enable the NCBs and the ECB to fulfil their respective payment obligations. Consequently, counterparties shall be required to pay before a predefined deadline.

*(ii) Deadline for the receipt of funds from counterparties*

Counterparties shall pay intervention amounts at the latest by 1 p.m. CET on value date.'

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<sup>(1)</sup> OJ L 192, 19.7.2008, p. 63.

## ANNEX II

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**CEILINGS ON ACCESS TO THE VERY SHORT-TERM FINANCING FACILITY REFERRED TO IN ARTICLES 8, 10 AND 11 OF THE ERM II CENTRAL BANK AGREEMENT****with effect from 1 January 2009***(EUR million)*

Central banks party to this Agreement	Ceilings <sup>(1)</sup>
Българска народна банка (Bulgarian National Bank)	520
Česká národní banka	690
Danmarks Nationalbank	700
Eesti Pank	310
Latvijas Banka	340
Lietuvos bankas	380
Magyar Nemzeti Bank	670
Narodowy Bank Polski	1 750
Banca Națională a României	1 000
Sveriges Riksbank	940
Bank of England	4 700
European Central Bank	nil

<sup>(1)</sup> The amounts indicated are notional for central banks which do not participate in ERM II.

Euro area national central banks	Ceilings
Nationale Bank van België/Banque Nationale de Belgique	nil
Deutsche Bundesbank	nil
Central Bank and Financial Services Authority of Ireland	nil
Bank of Greece	nil
Banco de España	nil
Banque de France	nil
Banca d'Italia	nil
Central Bank of Cyprus	nil
Banque centrale du Luxembourg	nil
Central Bank of Malta	nil
De Nederlandsche Bank	nil
Oesterreichische Nationalbank	nil

Euro area national central banks	Ceilings
Banco de Portugal	nil
Banka Slovenije	nil
Národná banka Slovenska	nil
Suomen Pankki	nil'