

EUROPEAN CENTRAL BANK

AGREEMENT

of 31 December 2007

between the European Central Bank and the Central Bank of Cyprus regarding the claim credited to the Central Bank of Cyprus by the European Central Bank under Article 30.3 of the Statute of the European System of Central Banks and of the European Central Bank

(2008/C 29/04)

THE EUROPEAN CENTRAL BANK AND THE CENTRAL BANK OF CYPRUS,

Whereas:

- (1) Pursuant to Article 3(1) of Decision ECB/2007/22 of 31 December 2007 on the paying-up of capital, transfer of foreign reserve assets and contributions by the Central Bank of Cyprus and the Central Bank of Malta to the European Central Bank's reserves and provisions ⁽¹⁾, the aggregate euro-equivalent amount of foreign reserve assets that the Central Bank of Cyprus is required to transfer to the European Central Bank (ECB) with effect from 1 January 2008 in accordance with Article 49.1 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'ESCB Statute') is EUR 73 400 447,19.
- (2) Pursuant to Article 30.3 of the ESCB Statute and Article 4(1) of Decision ECB/2007/22, with effect from 1 January 2008 the ECB is required to credit the Central Bank of Cyprus with a euro-denominated claim equivalent to the aggregate euro amount of the Central Bank of Cyprus' contribution of foreign reserve assets, subject to the specifications provided for in Article 3 of that Decision. The ECB and the Central Bank of Cyprus agree to set the Central Bank of Cyprus' claim at EUR 71 950 548,51 in order to ensure that the *ratio* between the amount in euro of the Central Bank of Cyprus' claim and the aggregate amount in euro of the claims credited to the other national central banks of Member States that have already adopted the euro (hereinafter the 'participating NCBs') will be equal to the *ratio* between the Central Bank of Cyprus' weighting in the ECB's capital key and the other participating NCBs' aggregate weighting in this key.
- (3) The difference between the amounts mentioned in recitals 1 and 2 results from the application to the value of foreign reserve assets already transferred by the Central Bank of Cyprus pursuant to Article 30.1 of the ESCB Statute of the 'current exchange rates' referred to in Article 49.1 of the ESCB Statute and from the effect on

the claims pursuant to Article 30.3 of the ESCB Statute held by the other participating NCBs of the ECB's capital key adjustment on 1 January 2004 pursuant to Article 29.3 of the ESCB Statute and the ECB's capital key expansions on 1 May 2004 and on 1 January 2007 pursuant to Article 49.3 of the ESCB Statute.

- (4) In view of the abovementioned difference, the ECB and the Central Bank of Cyprus agree that the Central Bank of Cyprus' claim may be reduced by offsetting against it the amount that the Central Bank of Cyprus is required to contribute to the ECB's reserves and provisions pursuant to Article 49.2 of the ESCB Statute and Article 5(1) of Decision ECB/2007/22, in the event that the Central Bank of Cyprus' claim is larger than the amount of EUR 71 950 548,51.
- (5) The ECB and the Central Bank of Cyprus should agree on other modalities for crediting the Central Bank of Cyprus' claim, taking into account that, depending on exchange rate movements, it may be necessary to increase rather than to reduce the claim to the amount referred to in recital 2.
- (6) The Governing Council has approved the ECB's entry into this Agreement, which concerns a decision to be taken under Article 30 of the ESCB Statute, in accordance with Article 10.3 of the ESCB Statute and the procedure specified therein,

HAVE AGREED AS FOLLOWS:

Article 1

Modalities for crediting the Central Bank of Cyprus' claim

1. If the amount of the claim that the ECB is required to credit to the Central Bank of Cyprus pursuant to Article 30.3 of the ESCB Statute and Article 4(1) of Decision ECB/2007/22 (hereinafter the 'Central Bank of Cyprus's claim' or the 'claim') is greater than EUR 71 950 548,51 on the final date on which the ECB receives foreign reserve assets from the Central

⁽¹⁾ OJ L 27, 1.2.2008.

Bank of Cyprus pursuant to Article 3 of Decision ECB/2007/22, then the amount of the claim shall be reduced with effect from that date to EUR 71 950 548,51. Such a reduction shall be made by offsetting against the claim the amount that the Central Bank of Cyprus is required to contribute to the ECB's reserves and provisions with effect from 1 January 2008 pursuant to Article 49.2 of the ESCB Statute and Article 5(1) of Decision ECB/2007/22. The offset amount shall be treated as an advance contribution to the ECB's reserves and provisions pursuant to Article 49.2 of the ESCB Statute and Article 5(1) of Decision ECB/2007/22, which shall be deemed to have been made on the date on which the offset occurs.

2. If the amount required to be contributed by the Central Bank of Cyprus to the ECB's reserves and provisions pursuant to Article 49.2 of the ESCB Statute and Article 5(1) of Decision ECB/2007/22 is less than the difference between: (a) the amount of the Central Bank of Cyprus' claim; and (b) EUR 71 950 548,51, then the amount of the claim shall be reduced to EUR 71 950 548,51: (i) by offsetting in accordance with paragraph 1 above; and (ii) by the ECB paying the Central Bank of Cyprus an amount in euro equal to the amount of the shortfall remaining after such offset. Any amount required to be paid by the ECB in accordance with this paragraph shall be due with effect from 1 January 2008. The ECB shall, in due course, give instructions for the transfer of such an amount, and of net accrued interest thereon, through the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET/TARGET2). Accrued interest shall be calculated on a daily basis, using the actual over-360-day method of calculation at a rate equal to the marginal interest rate used by the Eurosystem in its most recent main refinancing operation.

3. If the amount of the Central Bank of Cyprus' claim is less than EUR 71 950 548,51 on the final date on which the ECB receives foreign reserve assets from the Central Bank of Cyprus pursuant to Article 3 of Decision ECB/2007/22, then the amount of the claim shall be increased on that date to EUR 71 950 548,51. The increase shall be effected by the Central Bank of Cyprus paying the ECB an amount in euro equal to the difference. Any amount required to be paid by the Central Bank of Cyprus in accordance with this paragraph shall be due from 1 January 2008, and shall be paid in accordance with the procedures specified in Article 5(4) and (5) of Decision ECB/2007/22.

Article 2

Final provisions

1. This Agreement shall enter into force on 1 January 2008.
2. This Agreement shall be drawn up in two duly signed originals in the English language. The ECB and the Central Bank of Cyprus shall each retain one original hereof.

Done at Frankfurt am Main, 31 December 2007.

For the European Central Bank

Jean-Claude TRICHET

President

For the Central Bank of Cyprus

Athanasios ORPHANIDES

Governor