

# EUROPEAN CENTRAL BANK

## AGREEMENT

of 16 September 2004

**between the European Central Bank and the national central banks of the Member States outside the euro area amending the Agreement of 1 September 1998 laying down the operating procedures for an exchange rate mechanism in stage three of Economic and Monetary Union**

(2004/C 281/03)

THE EUROPEAN CENTRAL BANK (ECB) AND THE NATIONAL CENTRAL BANKS OF THE MEMBER STATES THAT ARE OUTSIDE THE EURO AREA (HEREINAFTER THE 'NON-EURO AREA NCBs'),

HAVE AGREED AS FOLLOWS:

Whereas:

*Article 1*

(1) The European Council in its Resolution of 16 June 1997 <sup>(1)</sup> (hereinafter the Resolution) agreed to set up an exchange rate mechanism (hereinafter ERM II) when the third stage of economic and monetary union began on 1 January 1999.

(2) Under the Resolution, ERM II is designed to help to ensure that non-euro area Member States participating in ERM II orient their policies to stability, foster convergence and thereby help them in their efforts to adopt the euro.

(3) The Agreement of 1 September 1998 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>(2)</sup> (hereinafter the Central Bank Agreement) lays down the operating procedures for ERM II.

(4) It is necessary to replace Article 5 of the Central Bank Agreement by a new provision in order to take into account the increased international role of the euro as one of the major reserve currencies,

### **Amendment to Article 5 of the Central Bank Agreement**

Article 5 of the Central Bank Agreement is replaced by the following:

#### **'Procedures for intervention and other transactions**

5.1 Prior agreement of the non-euro area NCB issuing the intervention currency shall be obtained when another central bank of the European System of Central Banks intends to use the former's currency in amounts exceeding mutually agreed limits in connection with all non-compulsory intervention, including unilateral intramarginal intervention.

5.2 A non-euro area NCB shall give immediate notification to the ECB when it has used the euro in amounts exceeding mutually agreed limits in connection with all non-compulsory intervention, including unilateral intramarginal intervention.

5.3 Before carrying out transactions other than intervention which involve at least one non-euro area currency or the euro and which exceed mutually agreed limits, the party intending to carry out such transactions shall give prior notification to the central bank(s) concerned. In such cases the central banks concerned shall agree on an approach which minimises potential problems, including the possibility of settling the transaction, wholly or in part, directly between the two central banks.'

<sup>(1)</sup> OJ C 236, 2.8.1997, p. 5.

<sup>(2)</sup> OJ C 345, 13.11.1998, p. 6. Agreement as last amended by the Agreement of 29 April 2004 (OJ C 135, 13.5.2004, p. 3).

*Article 2***Final provisions**

1. This Agreement shall enter into force on 1 October 2004.
2. This Agreement shall be drawn up in English, French and German and duly signed by the parties. The ECB, which is required to retain the original Agreements, shall send a certified copy of each of the original Agreements in English, French and German to each euro area and non-euro area NCB.

Done at Frankfurt am Main, 16 September 2004.

For and on behalf of  
**The European Central Bank**

For and on behalf of  
**Magyar Nemzeti Bank**

For and on behalf of  
**Česká národní banka**

For and on behalf of  
**Central Bank of Malta**

For and on behalf of  
**Danmarks Nationalbank**

For and on behalf of  
**Narodowy Bank Polski**

For and on behalf of  
**Eesti Pank**

For and on behalf of  
**Banka Slovenije**

For and on behalf of  
**Central Bank of Cyprus**

For and on behalf of  
**Národná banka Slovenska**

For and on behalf of  
**Latvijas Banka**

For and on behalf of  
**Sveriges Riksbank**

For and on behalf of  
**Lietuvos bankas**

For and on behalf of  
**The Bank of England**