



EUROPEAN CENTRAL BANK
EUROSYSTEM

OPINION OF THE EUROPEAN CENTRAL BANK
of 6 August 2014
on the redenomination of the capital and securities of companies
(CON/2014/63)

Introduction and legal basis

On 7 July 2014, the European Central Bank (ECB) received a request from the Lithuanian Ministry of the Economy for an opinion on a draft law on the procedures and rules applicable to the conversion of a company's capital and the nominal value of its securities into euro (hereinafter the 'draft law').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and the first indent of Article 2(1) of Council Decision 98/415/EC¹, as the draft law relates to currency matters. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft law

- 1.1 The draft law is to be adopted under an enabling provision in the Law on the introduction of the euro in Lithuania². Its main objective is to establish the procedure for the conversion of a company's capital and the nominal value of its securities into euro. The conversion rate is to be the conversion rate fixed by the Council of the European Union pursuant to Article 140(3) of the Treaty and the procedure for redenomination is described in the Law on the introduction of the euro in Lithuania. Following redenomination, amounts in euro will be rounded up or down to the nearest euro cent. However, redenomination is not to be treated as either an increase or a decrease in a company's capital; instead, the difference in the capital amount, following the redenomination, will be recorded as income or as a cost of the company, as the case may be.
- 1.2 The draft law also sets out procedures for updating the accounts of a holder of company securities and for submitting amended articles of association to the Register of Legal Entities. The latter procedure is to be carried out free of charge for companies and the cost of registering the amended articles of association will be covered by the State.

¹ Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

² *Teisės akty registras*, 29.4.2014, No 2014-04875.

2. General observations

The ECB welcomes these timely preparations for the introduction of the euro in Lithuania. The Lithuanian authorities have already consulted the ECB on issues relating thereto and the ECB has provided its opinion on the Law on the introduction of the euro in Lithuania³. The ECB notes that the draft law is to be adopted under an enabling provision in this law and that any future legislative provisions implementing the Law on the introduction of the euro in Lithuania will be drafted under the same enabling provision.

3. Specific observations

The ECB has no specific observations on the draft law.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 6 August 2014.

[signed]

The President of the ECB

Mario DRAGHI

³ See Opinion CON/2014/14. All ECB opinions are published on the ECB's website at www.ecb.europa.eu.