ANNEX I

GUIDELINE OF THE EUROPEAN CENTRAL BANK

of 3 November 1998

on the implementation of Article 52 of the statute of the European System of Central Banks and of the European Central bank

(ECB/1998/NP10)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty establishing the European Community (hereinafter referred to as the 'Treaty') and in particular to Article 105(a)(1) thereof and to Articles 12.1, 14.3 and 52 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter referred to as the 'Statute'),

Whereas:

(1) The euro will become the currency of the participating Member States on 1 January 1999; whereas Article 109 L(4) of the Treaty requires the EU Council to adopt the conversion rates at which the currencies of the Member States without a derogation shall be irrevocably fixed and at which irrevocably fixed rate the euro shall be substituted for these currencies. The national currency units will be sub-units of the euro according to the conversion rates. Article 52 of the Statute empowers the Governing Council of the European Central Bank (ECB) to take the necessary measures to ensure that banknotes denominated in currencies with irrevocably fixed exchange rates are exchanged by the national central banks (NCBs) at their respective par values.

(2) The objective of Article 52 of the Statute is to ensure a high degree of substitutability between the national currency units after the adoption of the conversion rates referred to in Article 109 L(4) of the Treaty and, to that end, the Governing Council of the ECB is to ensure that each NCB is ready to exchange, at the conversion rates, any legal tender banknote issued by the NCB of another Member State without a derogation into banknotes of its own.

(3) Article 52 of the Statute will be effective until the end of the transitional period, as defined in the sixth indent of Article 1 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro [1] (the transitional period). After the end of the transitional period the exchange of banknotes of other participating Member States will be addressed in conjunction with the cash changeover to the euro.

(4) The national central banks shall ensure that banknotes of other participating Member States can be either exchanged against national banknotes and coins or, according to national legislation, credited to an account. NCBs shall ensure that the exchange of banknotes of other participating Member States against national banknotes and coins can be performed at par value. NCBs are obliged to provide such service themselves or to appoint an agent to perform this service on their behalf.

(5) In accordance with Articles 12.1 and 14.3 of the Statute, ECB guidelines form an integral part of Community law,

HAS ADOPTED THIS GUIDELINE:

Article 1

Definitions

For the purposes of this ECB Guideline:

— 'banknotes of other participating Member States' shall mean banknotes issued by an NCB that are presented to another NCB or to its appointed agent for exchange,

— 'exchange of banknotes of other participating Member States' shall mean the exchange of legal tender banknotes issued by an NCB and presented to another NCB or to its appointed agent to be exchanged against its national banknotes and coins or against the crediting of funds to an account,

— 'NCBs' shall mean the national central banks of Member States which have adopted the single currency in accordance with the Treaty,

[1] OJ L 139, 11.5.1998, p. 1.

— 'par value' shall mean the value resulting from the conversion rates adopted by the EU Council under Article 109 L(4) of the Treaty without any spread between 'buying and selling rates',
— 'participating Member States' shall mean all Member States which have adopted the single currency in accordance with the Treaty,
— 'transitional period' shall mean the period starting on 1 January 1999 and ending on 31 December 2001.

Article 2

Obligation to exchange at par value

1. The NCBs shall, at least in one location in the national territory, by themselves or through their appointed agent, ensure that banknotes of other participating Member States can be either exchanged against national banknotes and coins or, upon request, credited to an account with the institution effecting the exchange, if the national legislation provide for such possibility, in both cases at their respective par value.

2. NCBs may limit the number and/or the total value of banknotes of other participating Member States that they are prepared to accept for any given transaction or on any one day.

Article 3

Banknotes which qualify for exchange

Banknotes of other participating Member States that qualify for exchange under this ECB Guideline must not be badly mutilated. In particular, they must not consist of more than two parts of the same banknote joined together or have been damaged by anti-theft equipment.

Article 4

Reporting

The Executive Board of the ECB shall report to the Governing Council of the ECB on the implementation of this ECB Guideline once a year and in July 1999 for the first time.

Article 5

Final provisions

This ECB Guideline shall be effective as from the starting-date of the transitional period. However, each of the NCBs shall communicate to the ECB the means by which they intend to comply with this ECB Guideline by no later than 1 December 1998.

This ECB Guideline shall apply to all banknotes of other participating Member States presented for exchange under Article 52 of the Statute before the end of the transitional period.

This Guideline is addressed to the national central banks of participating Member States.

Done at Frankfurt am Main, 3 November 1998.

On behalf of the Governing Council of the ECB

Willem F. DUISENBERG