

# EUROPEAN CENTRAL BANK

## DECISION OF THE EUROPEAN CENTRAL BANK

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**

(ECB/2007/22)

(2008/89/EC)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the ESCB Statute), and in particular Articles 30.1, 30.3, 49.1 and 49.2 thereof,

Whereas:

- (1) Pursuant to Article 1 of Council Decision 2007/503/EC of 10 July 2007 in accordance with Article 122(2) of the Treaty on the adoption by Cyprus of the single currency on 1 January 2008 <sup>(1)</sup> and Article 1 of Council Decision 2007/504/EC of 10 July 2007 in accordance with Article 122(2) of the Treaty on the adoption by Malta of the single currency on 1 January 2008 <sup>(2)</sup>, Cyprus and Malta fulfil the necessary conditions for adoption of the euro and the derogations granted to these Member States under Article 4 of the Act of Accession <sup>(3)</sup> will be abrogated with effect from 1 January 2008.
- (2) Article 49.1 of the ESCB Statute provides that the national central bank (NCB) of a Member State whose derogation has been abrogated must pay up its subscribed share of the capital of the European Central Bank (ECB) to the same extent as the NCBs of the other participating Member States. The NCBs of the existing

participating Member States have paid up their shares in the ECB's subscribed capital in full <sup>(4)</sup>. The weightings of the Central Bank of Cyprus and the Central Bank of Malta in the ECB's capital key are 0,1249 % and 0,0622 %, respectively, pursuant to Article 2 of Decision ECB/2006/21 of 15 December 2006 on the national central banks' percentage shares in the key for subscription to the European Central Bank's capital <sup>(5)</sup>. The Central Bank of Cyprus and the Central Bank of Malta have already paid up part of their shares in the ECB's subscribed capital, pursuant to Article 1 of Decision ECB/2006/26 of 18 December 2006 laying down the measures necessary for the paying-up of the European Central Bank's capital by the non-participating national central banks <sup>(6)</sup>. The outstanding amount is therefore EUR 6 691 401,01 for the Central Bank of Cyprus and EUR 3 332 306,98 for the Central Bank of Malta, which results from multiplying the ECB's subscribed capital (EUR 5 760 652 402,58) by the capital key weightings of the Central Bank of Cyprus and the Central Bank of Malta (0,1249 % and 0,0622 % respectively), minus in each case the part of their shares in the ECB's subscribed capital that has already been paid up.

- (3) Article 49.1, in conjunction with Article 30.1, of the ESCB Statute provides that the NCB of a Member State whose derogation has been abrogated must also transfer foreign reserve assets to the ECB. Pursuant to Article 49.1 of the ESCB Statute, the sum to be transferred is determined by multiplying the euro value at current exchange rates of the foreign reserve assets which have already been transferred to the ECB in accordance with Article 30.1 of the ESCB Statute, by the ratio between the number of shares subscribed by the NCB concerned and the number of shares already paid up by the NCBs of the other participating Member States. When determining the 'foreign reserve assets which have already been transferred to the ECB in accordance with Article 30.1', due account should be taken of the ECB preceding capital

<sup>(1)</sup> OJ L 186, 18.7.2007, p. 29.

<sup>(2)</sup> OJ L 186, 18.7.2007, p. 32.

<sup>(3)</sup> Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded (OJ L 236, 23.9.2003, p. 33).

<sup>(4)</sup> Decision ECB/2006/22 of 15 December 2006 laying down the measures necessary for the paying-up of the European Central Bank's capital by the participating national central banks (OJ L 24, 31.1.2007, p. 3).

<sup>(5)</sup> OJ L 24, 31.1.2007, p. 1.

<sup>(6)</sup> OJ L 24, 31.1.2007, p. 15.

key adjustment <sup>(1)</sup> pursuant to Article 29.3 of the ESCB Statute and the ECB capital key expansions pursuant to Article 49.3 of the ESCB Statute <sup>(2)</sup>. As a result, pursuant to Decision ECB/2006/24 of 15 December 2006 laying down the measures necessary for the contribution to the European Central Bank's accumulated equity value and for adjusting the national central banks' claims equivalent to the transferred foreign reserve assets <sup>(3)</sup>, the euro equivalent of the foreign reserve assets which have already been transferred to the ECB under Article 30.1 of the ESCB Statute is EUR 40 848 729 895,96.

- (4) The foreign reserve assets to be transferred by both the Central Bank of Cyprus and the Central Bank of Malta should be denominated in US dollars and gold.
- (5) Article 30,3 of the ESCB Statute provides that the ECB must credit each NCB of a participating Member State with a claim equivalent to the foreign reserve assets that it has transferred to the ECB. The provisions regarding the denomination and remuneration of the claims that have already been credited to the NCBs of the existing participating Member States <sup>(4)</sup> should also apply to the denomination and remuneration of the claims of the Central Bank of Cyprus and the Central Bank of Malta.
- (6) Article 49.2 of the ESCB Statute provides that the NCB of a Member State whose derogation has been abrogated must contribute to the ECB's reserves, to those provisions equivalent to reserves, and to the amount still to be appropriated to the reserves and provisions corresponding to the balance of the profit and loss account as at 31 December of the year prior to abrogation of the derogation. The amount of this contribution is determined in accordance with Article 49.2 of the ESCB Statute.
- (7) In accordance with Article 3.5 of the Rules of Procedure of the European Central Bank, the Governors of the Central Bank of Cyprus and the Central Bank of Malta have been invited to attend the meeting of the Governing Council adopting this Decision,

<sup>(1)</sup> Decision ECB/2003/17 of 18 December 2003 on the national central banks' percentage shares in the key for subscription to the European Central Bank's capital (OJ L 9, 15.1.2004, p. 27).

<sup>(2)</sup> Decision ECB/2004/5 of 22 April 2004 on the national central banks' percentage shares in the key for subscription to the European Central Bank's capital (OJ L 205, 9.6.2004, p. 5) and Decision ECB/2006/21.

<sup>(3)</sup> OJ L 24, 31.1.2007, p. 9.

<sup>(4)</sup> Pursuant to Guideline ECB/2000/15 of 3 November 1998 as amended by the Guideline of 16 November 2000 on the composition, valuation and modalities for the initial transfer of foreign reserve assets, and the denomination and remuneration of equivalent claims (OJ L 336, 30.12.2000, p. 114).

HAS DECIDED AS FOLLOWS:

#### Article 1

##### Definitions

For the purposes of this Decision:

- 'participating Member State' means a Member State that has adopted the euro,
- 'cash' means the lawful currency of the United States (US dollar),
- 'gold' means fine troy ounces of gold in the form of London Good Delivery bars, as specified by the London Bullion Market Association,
- 'foreign reserve assets' means gold or cash,
- 'Eurosysteem' means the ECB and NCBs of participating Member States.

#### Article 2

##### Payment of capital

1. With effect from 1 January 2008, the Central Bank of Cyprus and the Central Bank of Malta shall pay up the remaining parts of their shares in the ECB's subscribed capital, which correspond to EUR 6 691 401,01 for the Central Bank of Cyprus and EUR 3 332 306,98 for the Central Bank of Malta.
2. Each of the above mentioned NCBs shall pay the amount specified for it in paragraph 1 to the ECB on 2 January 2008, by means of a separate transfer through the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET/TARGET2).
3. Each of the above mentioned NCBs shall, by means of a separate TARGET/TARGET2 transfer, pay to the ECB on 2 January 2008 the interest accruing during the period from 1 January 2008 until 2 January 2008 on the amount due to the ECB under paragraph 2.
4. Any interest accruing under paragraph 3 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 Eurosysteem in its most recent main refinancing operation.

## Article 3

**Transfer of foreign reserve assets**

1. The Central Bank of Cyprus and the Central Bank of Malta shall each transfer to the ECB, with effect from 1 January 2008 and in accordance with this Article and the arrangements taken pursuant to it, an amount of foreign reserve assets denominated in US dollars and gold that is equivalent to EUR 73 400 447,19 for the Central Bank of Cyprus and EUR 36 553 305,17 for the Central Bank of Malta, as follows:

	Euro-equivalent amount of US dollars	Euro-equivalent amount of gold	Aggregate euro-equivalent amount
Central Bank of Cyprus	62 390 380,11	11 010 067,08	73 400 447,19
Central Bank of Malta	31 070 309,39	5 482 995,78	36 553 305,17

2. The euro-equivalent amounts of foreign reserve assets to be transferred by the Central Bank of Cyprus and the Central Bank of Malta under paragraph 1 shall be calculated on the basis of the exchange rates between the euro and the US dollar established as a result of the 24-hour written consultation procedure on 31 December 2007 between those central banks that participate in that procedure and, in the case of gold, on the basis of the US dollar price of gold per fine troy ounce established in the London gold fixing at 10.30 a.m., London time, on 31 December 2007.

3. The ECB shall confirm to the Central Bank of Cyprus and the Central Bank of Malta as soon as possible the respective amounts calculated in accordance with paragraph 2.

4. The Central Bank of Cyprus and the Central Bank of Malta shall transfer cash to the ECB to such accounts as are specified by the ECB. The settlement date for the cash to be transferred to the ECB shall be 2 January 2008. The Central Bank of Cyprus and the Central Bank of Malta shall give instructions for the transfer of cash to the ECB on the settlement date.

5. The Central Bank of Cyprus and the Central Bank of Malta shall transfer gold on such dates, to such accounts and at such locations as are specified by the ECB.

6. The difference, if any, between the aggregate euro-equivalent amounts mentioned in paragraph 1 and the amounts mentioned in Article 4(1) shall:

(a) in respect of the Central Bank of Cyprus be settled in accordance with the 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 <sup>(1)</sup>; and

(b) in respect of the Central Bank of Malta be settled in accordance with the Agreement of 31 December 2007 between the European Central Bank and the Central Bank of Malta regarding the claim credited to the Central Bank of Malta 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 <sup>(2)</sup>.

## Article 4

**Denomination, remuneration and maturity of the claims equivalent to the contributions**

1. With effect from 1 January 2008, and subject to the specifications in Article 3 regarding the settlement dates of the transfers of foreign reserve assets, the ECB shall credit each of the Central Bank of Cyprus and the Central Bank of Malta with a claim denominated in euro, equivalent to the aggregate euro amount of their respective contributions of foreign reserve assets. This claim corresponds to EUR 71 950 548,51 for the Central Bank of Cyprus and EUR 35 831 257,94 for the Central Bank of Malta.

2. The claims credited by the ECB to the Central Bank of Cyprus and the Central Bank of Malta shall be remunerated from the settlement date. The interest accruing shall be calculated on a daily basis, using the actual over-360-day method of calculation, at a rate equivalent to 85 % of the marginal interest rate used by the Eurosystem in its most recent main refinancing operation.

3. The claims shall be remunerated at the end of each financial year. The ECB shall inform the Central Bank of Cyprus and the Central Bank of Malta on a quarterly basis of their respective cumulative amounts.

4. The claims shall not be redeemable.

## Article 5

**Contributions to the ECB's reserves and provisions**

1. With effect from 1 January 2008 and in accordance with paragraphs 5 and 6 and Article 3, the Central Bank of Cyprus and the Central Bank of Malta shall contribute to the ECB's reserves, to those provisions equivalent to reserves, and to the amount still to be appropriated to the reserves and provisions corresponding to the balance of the profit and loss account at 31 December 2007.

<sup>(1)</sup> Not yet published in the Official Journal.

<sup>(2)</sup> Not yet published in the Official Journal.

2. The amounts to be contributed by the Central Bank of Cyprus and the Central Bank of Malta shall be determined in accordance with Article 49.2 of the ESCB Statute. The references in Article 49.2 to the 'number of shares subscribed by the central bank concerned' and the 'number of shares already paid up by the other central banks' shall refer to the weightings of each of the Central Bank of Cyprus and the Central Bank of Malta, and the NCBs of the existing participating Member States, respectively, in the ECB's capital key, pursuant to Decision ECB/2006/21.

3. For the purposes of paragraph 1, 'the ECB's reserves' and 'provisions equivalent to reserves' shall include, inter alia, the ECB's general reserve fund, balances on revaluation accounts and provisions for foreign exchange rate, interest rate and gold price risks.

4. At the latest on the first working day following the Governing Council's approval of the ECB's annual accounts for the year 2007, the ECB shall calculate and confirm to the Central Bank of Cyprus and the Central Bank of Malta the amount to be contributed by each of them under paragraph 1.

5. On the second working day following the Governing Council's approval of the ECB's annual accounts for the year 2007, the Central Bank of Cyprus and the Central Bank of Malta shall, by means of two separate TARGET/TARGET2 transfers each, pay to the ECB:

(a) the respective amounts due to the ECB under paragraph 4; and

(b) the interest accruing during the period from 1 January 2008 until that date, on the respective amounts due to the ECB under paragraph 4.

6. Any interest accruing under paragraph 5(b) 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.

#### *Article 6*

#### **Final provision**

This Decision shall enter into force on 1 January 2008.

Done at Frankfurt am Main, 31 December 2007.

*The President of the ECB*  
Jean-Claude TRICHET

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