

DECISION OF THE EUROPEAN CENTRAL BANK**of 13 December 2010****on the issue of euro banknotes**

(recast)

(ECB/2010/29)

(2011/67/EU)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 128(1) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), and in particular Article 16 thereof,

Whereas:

- (1) Under Article 128(1) of the Treaty and Article 16 of the Statute of the ESCB, the Governing Council of the European Central Bank (ECB) has the exclusive right to authorise the issue of euro banknotes within the Union. Under these provisions, the ECB and the NCBs may issue euro banknotes which are the only banknotes to have the status of legal tender within the Member States whose currency is the euro. Union law has foreseen a system of a plurality of issuers of banknotes. The ECB and the NCBs issue euro banknotes.
- (2) Pursuant to Article 10 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro ⁽¹⁾, on 1 January 2002, the ECB and the NCBs put into circulation banknotes denominated in euro. Euro banknotes are expressions of the same and single currency, and subject to a single legal regime.
- (3) The issue of euro banknotes need not be subject to quantitative or other limits, since putting banknotes into circulation is a demand driven process.
- (4) Decision ECB/2003/4 of 20 March 2003 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes ⁽²⁾ contains common rules on euro banknotes. The ECB has established common technical specifications for euro banknotes and quality control measures to ensure that they comply with such specifications. As a consequence, all euro banknotes have the same physical appearance and level of quality and there is no distinction between banknotes of the same denomination.
- (5) All euro banknotes should be subject to identical acceptance and processing requirements by the Eurosystem members irrespective of which member put them into circulation. The practice of repatriation of banknotes denominated in national currency units to the issuing central bank does not apply to euro banknotes. The regime for the issue of the euro banknotes is based on the principle of non-repatriation of euro banknotes.
- (6) Pursuant to Article 29.1 of the Statute of the ESCB, each central bank which is a member of the European System of Central Banks is assigned a weighting in the key for subscription to the ECB's capital, as laid down by Decision ECB/2008/23 of 12 December 2008 on the national central banks' percentage shares in the key for subscription to the European Central Bank's capital ⁽³⁾; this weighting is based on the population and gross domestic product of each Member State and governs the contributions to the ECB's capital, the transfers of the NCBs' foreign reserve assets to the ECB, the monetary income allocation of the NCBs, and the distribution of profits and sharing of losses of the ECB.
- (7) Euro banknotes are legal tender in all Member States whose currency is the euro and freely circulate within the euro area, are reissued by the Eurosystem members, and may also be stored or used outside the euro area. The liabilities in respect of the issue of the total value of euro banknotes in circulation should therefore be allocated to the Eurosystem members in accordance with an objective criterion. An appropriate criterion is the share of each NCB in the paid-up capital of the ECB. This share results from a proportional application of the capital key referred to in Article 29.1 of the Statute of the ESCB to NCBs. As this criterion is not applicable to the ECB, the percentage share of euro banknotes to be issued by the ECB is to be determined by the Governing Council.
- (8) Under Articles 9.2 and 12.1 of the Statute of the ESCB, establishing the principle of decentralisation for Eurosystem operations, the NCBs are entrusted with putting into and withdrawing from circulation all euro banknotes including those issued by the ECB. Consistent with this principle, the physical handling of euro banknotes is also carried out by the NCBs.

⁽¹⁾ OJ L 139, 11.5.1998, p. 1.

⁽²⁾ OJ L 78, 25.3.2003, p. 16.

⁽³⁾ OJ L 21, 24.1.2009, p. 66.

- (9) The difference between the value of euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes that such NCB puts into circulation should give rise to intra-Eurosystem balances. As the ECB does not put euro banknotes into circulation, it should hold intra-Eurosystem claims on NCBs for a value equivalent to the share of euro banknotes that it issues. The remuneration of these intra-Eurosystem balances has an effect on the income positions of NCBs and is therefore the subject of Decision ECB/2010/23 of 25 November 2010 on the allocation of monetary income of the national central banks of Member States whose currency is the euro ⁽¹⁾, based on Article 32 of the Statute of the ESCB.
- (10) Pursuant to Article 1 of Council Decision 2010/416/EU of 13 July 2010 in accordance with Article 140(2) of the Treaty on the adoption by Estonia of the euro on 1 January 2011 ⁽²⁾, Estonia fulfils the necessary conditions for adoption of the euro and the derogation granted to it under Article 4 of the 2003 Act of Accession ⁽³⁾ will be abrogated with effect from 1 January 2011.
- (11) Given that Estonia will adopt the euro on 1 January 2011, Decision ECB/2001/15 of 6 December 2001 on the issue of euro banknotes ⁽⁴⁾ needs to be amended in order to determine the banknote allocation key applying from 1 January 2011. Since Decision ECB/2001/15 has already been amended several times it should be recast in the interest of clarity,

HAS ADOPTED THIS DECISION:

Article 1

Definitions

For the purposes of this Decision:

- (a) 'NCB' means the national central bank of a Member State whose currency is the euro;
- (b) 'euro banknotes' means those banknotes complying with the requirements of Decision ECB/2003/4 and with the technical specifications laid down by the Governing Council;
- (c) 'subscribed capital key' means the NCBs' shares (expressed as percentages) in the ECB's subscribed capital that result from applying to the NCBs the weightings in the key referred to in Article 29.1 of the Statute of the ESCB and as applicable for the relevant financial year;
- (d) 'banknote allocation key' means the percentages that result from taking into account the ECB's share in the total euro banknote issue and applying the subscribed capital key (rounded to the nearest multiple of 0,0005 of a percentage point) to the NCBs' share in this total. Where the resulting percentages do not total 100 %, the difference shall be compensated for: (i) if the total is below 100 %, by adding 0,0005 of a percentage point to the smallest shares in ascending order until exactly 100 % is reached; or (ii) if the total is above 100 %, by subtracting 0,0005 of a percentage point in descending order from the largest shares until exactly 100 % is reached. Annex I to this Decision specifies the banknote allocation key that shall apply from 1 January 2011.

Article 2

Issue of euro banknotes

The ECB and the NCBs shall issue euro banknotes.

Article 3

Obligations of issuers

1. NCBs shall put into and withdraw from circulation euro banknotes, and perform any physical handling in relation to all euro banknotes, including those issued by the ECB.
2. NCBs shall accept all euro banknotes on the request of the holder for exchange against euro banknotes of the same value or, in the case of account holders, to be credited to accounts held at the recipient NCB.
3. NCBs shall treat all euro banknotes accepted by them as liabilities and process them in an identical manner.
4. NCBs shall not transfer euro banknotes accepted by them to other NCBs and shall keep such euro banknotes available for reissue. As an exception, and in accordance with any rules laid down by the ECB's Governing Council:

- (a) mutilated, damaged, worn or withdrawn euro banknotes may be destroyed by the recipient NCB; and
- (b) euro banknotes held by NCBs may, for logistical reasons, be redistributed in bulk within the Eurosystem.

⁽¹⁾ Not yet published in the Official Journal.

⁽²⁾ OJ L 196, 28.7.2010, p. 24.

⁽³⁾ 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).

⁽⁴⁾ OJ L 337, 20.12.2001, p. 52.

*Article 4***Allocation of euro banknotes within the Eurosystem**

1. The total value of euro banknotes in circulation shall be allocated to the Eurosystem members by application of the banknote allocation key.

2. The difference between the value of euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes that such NCB puts into circulation shall give rise to intra-Eurosystem balances. The ECB shall hold intra-Eurosystem claims on NCBs in proportion to their shares in the subscribed capital key, for a value equivalent to the value of euro banknotes that it issues.

*Article 5***Repeal**

Decision ECB/2001/15 is repealed. References to the repealed Decision shall be construed as references to this Decision.

*Article 6***Entry into force**

This Decision shall enter into force on 1 January 2011.

Done at Frankfurt am Main, 13 December 2010.

The President of the ECB

Jean-Claude TRICHET

ANNEX I

BANKNOTE ALLOCATION KEY FROM 1 JANUARY 2011

European Central Bank	8,0000 %
Nationale Bank van België/Banque Nationale de Belgique	3,1895 %
Deutsche Bundesbank	24,8995 %
Eesti Pank	0,2355 %
Central Bank of Ireland	1,4605 %
Bank of Greece	2,5835 %
Banco de España	10,9185 %
Banque de France	18,6985 %
Banca d'Italia	16,4310 %
Central Bank of Cyprus	0,1800 %
Banque centrale du Luxembourg	0,2295 %
Central Bank of Malta	0,0830 %
De Nederlandsche Bank	5,2440 %
Oesterreichische Nationalbank	2,5530 %
Banco de Portugal	2,3015 %
Banka Slovenije	0,4325 %
Národná banka Slovenska	0,9115 %
Suomen Pankki	1,6485 %
TOTAL	100,0000 %

ANNEX II

REPEALED DECISION AND SUCCESSIVE AMENDMENTS

Decision ECB/2001/15	OJ L 337, 20.12.2001, p. 52
Decision ECB/2003/23	OJ L 9, 15.1.2004, p. 40
Decision ECB/2004/9	OJ L 205, 9.6.2004, p. 17
Decision ECB/2006/25	OJ L 24, 31.1.2007, p. 13
Decision ECB/2007/19	OJ L 1, 4.1.2008, p. 7
Decision ECB/2008/26	OJ L 21, 24.1.2009, p. 75