Council Regulation (EC) No 2169/2005 of 21 December 2005 amending Regulation (EC) No 974/98 on the introduction of the euro

COUNCIL REGULATION (EC) No 2169/2005

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amending Regulation (EC) No 974/98 on the introduction of the euro

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular to the third sentence of Article 123(4) thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament[(1)],

Having regard to the Opinion of the European Central Bank[(2)],

Whereas:

(1) Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro[(3)] provides for the substitution of the euro for the currencies of the Member States which fulfilled the necessary conditions for the adoption of the single currency at the time when the Community entered the third stage of economic and monetary union. That Regulation also includes rules which apply to the national currency units of these Member States during the transitional period ending on 31 December 2001, and rules on banknotes and coins.

(2) Council Regulation (EC) No 2596/2000 amended Regulation (EC) No 974/98 to provide for the substitution of the euro for the currency of Greece.

(3) Regulation (EC) No 974/98 sets out a timetable for transition to the euro in the Member States currently participating. In order to provide clarity and certainty with regard to the rules governing the introduction of the euro in other Member States, it is necessary to lay down general provisions specifying how the various periods in the transition to the euro are to be determined in the future.

(4) It is appropriate to provide for a list of participating Member States which may be extended when further Member States adopt the euro as the single currency.

(5) In order to prepare a smooth changeover to the euro, Regulation (EC) No 974/98 provides for a transitional period between the substitution of the euro for the currencies of the participating Member States and the introduction of euro banknotes and coins. The transitional period should last three years at the most, but should be as short as possible.

(6) The transitional period can be reduced to zero, in which case the euro adoption date and the cash changeover date fall on the same day, if a Member State considers that a longer transitional period is not necessary. In that case, euro banknotes and coins will

Changes to legislation: *There are currently no known outstanding effects for the Council Regulation (EC) No 2169/2005. (See end of Document for details)*

become legal tender in that Member State on the euro adoption date. However, it should be possible for such a Member State to benefit from a 'phasing-out' period of one year, during which it would be possible to continue to make reference to the national currency unit in new legal instruments. This would give economic actors in such a Member State more time to adapt to the introduction of the euro and therefore ease the transition.

(7) It should be possible for the general public to exchange banknotes and coins denominated in the national currency unit for euro banknotes and coins free of charge during the dual circulation period, subject to certain ceilings.

(8) Regulation (EC) No 974/98 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 974/98 is hereby amended as follows:

1. Article 1 shall be replaced by the following:

Article 1

For the purpose of this Regulation:

(a) "participating Member States" shall mean the Member States listed in the table in the Annex;

(b) "legal instruments" shall mean legislative and statutory provisions, acts of administration, judicial decisions, contracts, unilateral legal acts, payment instruments other than banknotes and coins, and other instruments with legal effect;

(c) "conversion rate" shall mean the irrevocably fixed conversion rate adopted for the currency of each participating Member State by the Council in accordance with the first sentence of Article 123(4) of the Treaty or with paragraph 5 of that Article;

(d) "euro adoption date" shall mean either the date on which the respective Member State enters the third stage under Article 121(3) of the Treaty or the date on which the abrogation of the respective Member State's derogation under Article 122(2) of the Treaty enters into force, as the case may be;

(e) "cash changeover date" shall mean the date on which euro banknotes and coins acquire the status of legal tender in a given participating Member State;

(f) "euro unit" shall mean the currency unit as referred to in the second sentence of Article 2;

(g) "national currency units" shall mean the units of the currency of a participating Member State, as those units are defined on the day before the adoption of the euro in that Member State;

(h) "transitional period" shall mean a period of three years at the most beginning at 00.00 hours on the euro adoption date and ending at 00.00 hours on the cash changeover date;

(i) "phasing-out period" shall mean a period of one year at the most beginning on the euro adoption date, which can only apply to Member States where the euro adoption date and the cash changeover date fall on the same day;

(j) "redenominate" shall mean changing the unit in which the amount of outstanding debt is stated from a national currency unit to the euro unit, but which does not have through the act of redenomination the effect of altering any other term of the debt, this being a matter subject to relevant national law;

(k) "credit institutions" shall mean credit institutions as defined in Article 1(1) of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions[(4)]. For the purpose of this Regulation, the institutions listed in Article 2(3) of that Directive with the exception of post office giro institutions shall not be considered as credit institutions.;

2. the following Article shall be inserted:

Article 1a

The euro adoption date, the cash changeover date, and the phasing-out period, if applicable, for each participating Member State shall be as set out in the Annex.;

3. Article 2 shall be replaced by the following:

Article 2

With effect from the respective euro adoption dates, the currency of the participating Member States shall be the euro. The currency unit shall be one euro. One euro shall be divided into one hundred cent.;

4. Article 9 shall be replaced by the following:

Article 9

Banknotes and coins denominated in a national currency unit shall retain their status as legal tender within their territorial limits as from the day before the euro adoption date in the participating Member State concerned.;

5. the following Article shall be inserted:

Article 9a

The following shall apply in a Member State with a "phasing-out" period. In legal instruments created during the phasing-out period and to be performed in that Member State, reference may continue to be made to the national currency unit. These references shall be read as references to the euro unit according to the respective conversion rates. Without prejudice to Article 15, the acts performed under these legal instruments shall be performed only in the euro unit. The rounding rules laid down in Regulation (EC) No 1103/97 shall apply.

The Member State concerned shall limit the application of the first subparagraph to certain types of legal instrument, or to legal instruments adopted in certain fields.

The Member State concerned may shorten the period.;

6. Articles 10 and 11 shall be replaced by the following:

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Article 10

With effect from the respective cash changeover dates, the ECB and the central banks of the participating Member States shall put into circulation banknotes denominated in euro in the participating Member States.

Without prejudice to Article 15, these banknotes denominated in euro shall be the only banknotes which have the status of legal tender in participating Member States.

Article 11

With effect from the respective cash changeover date, the participating Member States shall issue coins denominated in euro or in cent and complying with the denominations and technical specifications which the Council may lay down in accordance with the second sentence of Article 106(2) of the Treaty. Without prejudice to Article 15 and to the provisions of any agreement under Article 111(3) of the Treaty concerning monetary matters, those coins shall be the only coins which have the status of legal tender in participating Member States. Except for the issuing authority and for those persons specifically designated by the national legislation of the issuing Member State, no party shall be obliged to accept more than 50 coins in any single payment.;

7. Articles 13 and 14 shall be replaced by the following:

Article 13

Articles 10, 11, 14, 15 and 16 shall apply with effect from the respective cash changeover date in each participating Member State.

Article 14

Where, in legal instruments existing on the day before the cash changeover date, reference is made to the national currency units, these references shall be read as references to the euro unit according to the respective conversion rates. The rounding rules laid down in Regulation (EC) No 1103/97 shall apply.;

8. Article 15 shall be amended as follows:

(a) in paragraphs 1 and 2, the words ‘after the end of the transitional period’ shall be replaced by the words ‘from the respective cash changeover date.’;

(b) the following paragraph shall be added:

3. During the period referred to in paragraph 1, credit institutions in participating Member States adopting the euro after 1 January 2002 shall exchange their customers’ banknotes and coins denominated in the national currency unit of that Member State for banknotes and coins in euro, free of charge, up to a ceiling which may be set by national law. Credit institutions may require that notice be given if the amount to be exchanged exceeds a ceiling set by national law or, in the absence of such provisions, by themselves and corresponding to a household amount.

The credit institutions referred to in the first subparagraph shall exchange banknotes and coins denominated in the national currency unit of that Member State of persons other than their customers, free of charge up to a ceiling set by national law or, in the absence of such provisions, by themselves.

National law may limit the obligation under the preceding two subparagraphs to specific types of credit institutions. National law may also extend this obligation upon other persons.;