

EUROPEAN CENTRAL BANK

DECISION OF THE EUROPEAN CENTRAL BANK

of 17 November 2005

on the distribution of the income of the European Central Bank on euro banknotes in circulation to the national central banks of the participating Member States

(ECB/2005/11)

(2005/831/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, and in particular Article 33 thereof,

of the national central banks of participating Member States from the financial year 2002⁽³⁾, the intra-Eurosystem balances on euro banknotes in circulation are remunerated at the reference rate. Under Article 2(3) of Decision ECB/2001/16, this remuneration is settled by TARGET payments.

Whereas:

- (1) In order to allow funds to be allocated to a provision for foreign exchange rate, interest rate and gold price risks, it is necessary to recast Decision ECB/2002/9 of 21 November 2002 on the distribution of the income of the European Central Bank on euro banknotes in circulation to the national central banks of the participating Member States⁽¹⁾. Furthermore, for operational reasons, it is more appropriate to distribute the income of the European Central Bank (ECB) on euro banknotes in circulation only once for each financial year, instead of each quarter.
- (2) Decision ECB/2001/15 of 6 December 2001 on the issue of euro banknotes⁽²⁾ establishes the allocation of euro banknotes in circulation to the national central banks (NCBs) in proportion to their paid-up shares in the ECB's capital. Article 4 of Decision ECB/2001/15 and the Annex to that Decision allocates to the ECB 8 % of the total value of euro banknotes in circulation. The ECB holds 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.
- (3) Under Article 2(2) of Decision ECB/2001/16 of 6 December 2001 on the allocation of monetary income

- (4) Recital 6 to Decision ECB/2001/16 states that the income accruing to the ECB on the remuneration of its intra-Eurosystem claims on NCBs related to its share of euro banknotes in circulation should in principle be distributed to the NCBs in accordance with the decisions of the Governing Council, in proportion to their shares in the subscribed capital key in the same financial year it accrues.
- (5) In distributing the income accruing to the ECB on the remuneration of its intra-Eurosystem claims on NCBs related to its share of euro banknotes in circulation, the ECB should take into account an estimate of its financial result for the year that makes due allowance for the need to allocate funds to a provision for foreign exchange rate, interest rate and gold price risks, and for the availability of provisions that may be released to offset anticipated expenses.
- (6) In determining the amount of the ECB's net profit to be transferred to the general reserve fund pursuant to Article 33.1 of the Statute, the Governing Council should consider that any part of that profit which corresponds to income on euro banknotes in circulation should be distributed to the NCBs in full,

⁽¹⁾ OJ L 323, 28.11.2002, p. 49.

⁽²⁾ OJ L 337, 20.12.2001, p. 52. Decision as last amended by Decision ECB/2004/9 (OJ L 205, 9.6.2004, p. 17).

⁽³⁾ OJ L 337, 20.12.2001, p. 55. Decision as amended by Decision ECB/2003/22 (OJ L 9, 15.1.2004, p. 39).

HAS DECIDED AS FOLLOWS:

Article 1

Definitions

For the purposes of this Decision:

- (a) 'participating Member States' shall mean Member States which have adopted the euro in accordance with the Treaty establishing the European Community;
- (b) 'NCBs' shall mean national central banks of participating Member States;
- (c) 'intra-Eurosystem balances on euro banknotes in circulation' shall mean the claims and liabilities arising between a NCB and the ECB and between a NCB and the other NCBs as a result of the application of Article 4 of Decision ECB/2001/15;
- (d) 'ECB's income on euro banknotes in circulation' shall mean the income accruing to the ECB on the remuneration of its intra-Eurosystem claims on NCBs related to its share of euro banknotes in circulation as a result of the application of Article 2 of Decision ECB/2001/16.

Article 2

Interim distribution of the ECB's income on euro banknotes in circulation

1. The ECB's income on euro banknotes in circulation shall be due in full to the NCBs in the same financial year it accrues and shall be distributed to the NCBs in proportion to their paid-up shares in the subscribed capital of the ECB.
2. The ECB shall distribute to the NCBs its income on euro banknotes in circulation earned in each financial year on the second working day of the following year.
3. The amount of the ECB's income on euro banknotes in circulation may be reduced in accordance with any decision by the ECB's Governing Council on the basis of the Statute in respect of expenses incurred by the ECB in connection with the issue and handling of euro banknotes.

Article 3

Derogation from Article 2

In derogation from Article 2:

1. the Governing Council shall decide before the end of the financial year not to distribute part or all of the ECB's income on euro banknotes in circulation in accordance with Article 2 to the extent necessary to ensure that the amount of the distributed income does not exceed the ECB's net profit for that year if on the basis of a reasoned estimate prepared by the Executive Board the Governing Council expects that the ECB will have an overall annual loss or will make an annual net profit that is less than the estimated amount of its income on euro banknotes in circulation;
2. the Governing Council may decide before the end of the financial year to transfer part or all of the ECB's income on euro banknotes in circulation to a provision for foreign exchange rate, interest rate and gold price risks.

Article 4

Final provisions

1. Decision ECB/2002/9 is repealed. References to the repealed Decision shall be construed as references to this Decision.
2. This Decision shall enter into force one day following its adoption.

Done at Frankfurt am Main, 17 November 2005.

The President of the ECB
Jean-Claude TRICHET