

EUROPEAN CENTRAL BANK

DECISION OF THE EUROPEAN CENTRAL BANK 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

(ECB/2002/9)

(2002/930/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 to Article 33 thereof,

Whereas:

(1) Decision ECB/2001/15 of 6 December 2001 on the issue of euro banknotes ⁽¹⁾ establishes the allocation of euro banknotes in circulation to the NCBs in proportion to their paid-up shares in the capital of the ECB. Article 4 and the Annex of 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.

(2) Under Article 2(2) of Decision ECB/2001/16 of 6 December 2001 on the allocation of monetary income of the national central banks of participating Member States from the financial year 2002 ⁽²⁾, the intra-Eurosystem balances on euro banknotes in circulation are remunerated at the reference rate. Under Article 2(3) of the same Decision, this remuneration is settled by TARGET payments on a quarterly basis. In derogation from this provision, Article 2(4) establishes that for the financial year 2002, the remuneration is settled at the end of the year.

(3) Recital 6 of 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.

(4) 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 availability of provisions that may be released to offset anticipated expenses.

(5) In determining the amount of the net profit of the ECB 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,

HAS DECIDED AS FOLLOWS:

Article 1

Definitions

For the purposes of this Decision:

- (a) 'participating Member States' shall mean the Member States which have adopted the single currency in accordance with the Treaty establishing the European Community;
- (b) 'NCBs' shall mean the national central banks of the 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.

⁽¹⁾ OJ L 337, 20.12.2001, p. 52.

⁽²⁾ OJ L 337, 20.12.2001, p. 55.

*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. From the financial year 2003, the ECB shall distribute its income on euro banknotes in circulation earned in each preceding quarter to the NCBs on the second working day of April, July, October and January.
3. The ECB shall distribute its income on euro banknotes in circulation earned in 2002 to the NCBs on the second working day of 2003.
4. The amount of the ECB's income on euro banknotes in circulation may be reduced in accordance with any decision of the Governing Council of the ECB 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**

1. If, on the basis of a reasoned estimate prepared by the Executive Board, and in respect of the amount due for the fourth quarter, 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, 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.

2. The Governing Council shall instruct the NCBs to repay to the ECB part or all of the income already distributed during the year to the extent necessary to ensure that the total distribution for the year does not exceed the ECB's net profit for that year.

3. In the financial year 2002, the decision not to distribute part or all of the ECB's income on euro banknotes in circulation shall apply to the total amount due for the year.

4. The preceding paragraphs shall apply where a potential overall annual loss cannot be covered by provisions made in past years. These provisions shall be released to the profit and loss account in the following order:

- (a) provisions made against known liabilities;
- (b) provisions equivalent to reserves arising from the application of Article 49 of the Statute and held as special revaluation accounts;
- (c) provisions against risks of a general nature, including without exception provisions against unspecified exchange rate and market price risk.

*Article 4***Final provisions**

1. This Decision shall enter into force two days following its adoption.
2. This Decision shall be published in the *Official Journal of the European Communities*.

Done at Frankfurt am Main, 21 November 2002.

On behalf of the Governing Council of the ECB
Willem F. DUISENBERG