De Nederlandsche Bank n.v.

Bank Act 1998
Articles of Association of
De Nederlandsche Bank n.v.,
and
Statute of the European System of
Central Banks and of
the European Central Bank

Edition 2000
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## Bank Act 1998

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Bank Act 1998

New provisions on De Nederlandsche Bank n.v. in connection with the Treaty establishing the European Community (Bank Act 1998)

Act¹

We, Beatrix, by the grace of God, Queen of the Netherlands, Princess of Orange-Nassau, etc., etc., etc.

To all to whom these presents shall come, greetings! Be it known:

Whereas We have considered that it is necessary to lay down new provisions regulating the objectives, tasks and activities of De Nederlandsche Bank n.v. in the light of the Treaty establishing the European Community and the establishment pursuant to that Treaty of a European System of Central Banks, of which De Nederlandsche Bank n.v. is an integral part in relation to the tasks and duties which that Treaty confers upon that System;

Now, therefore, by and with the advice of the Council of State, and in joint consultation with Parliament, we have found good to enact as We hereby enact:

CHAPTER I: DEFINITIONS

Section 1

1. For the purposes of this Act and the provisions based on it, the following terms shall be defined as stated below:
   a. the Bank: De Nederlandsche Bank N.V.;
   b. Our Minister: Our Minister of Finance;
   c. the Treaty: the Treaty establishing the European Community;
   d. the European Central Bank: the European Central Bank as referred to in Article 4A of the Treaty;
   e. the European System of Central Banks: the European System of Central Banks as referred to in Article 4A of the Treaty;

2. The Bank is an integral part of the European System of Central Banks in respect of the tasks and duties which the Treaty confers upon that System.

1 Under the Treaty of Amsterdam now Article 8.
CHAPTER II: OBJECTIVES, TASKS AND ACTIVITIES OF THE BANK

Division 1. Objectives and tasks

Section 2

1. In implementation of the Treaty, the Bank’s objective shall be to maintain price stability.
2. In implementation of the Treaty, the Bank shall, without prejudice to the objective of price stability, support the general economic policies in the European Community with a view to contributing to the achievement of the objectives of the Community as laid down in Article 2 of the Treaty.
3. The Bank shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 3a of the Treaty.
4. The Bank shall also have the objective of performing tasks other than those referred to in section 3, insofar as these are conferred upon it by or pursuant to the law.

Section 3

1. In implementation of the Treaty, the Bank shall make a contribution, within the framework of the European System of Central Banks, towards the fulfilment of the following tasks:
   a. to define and implement monetary policy;
   b. to conduct foreign-exchange operations consistent with the provisions of Article 109 of the Treaty;
   c. to hold and manage the official foreign reserves;
   d. to provide for the circulation of money as far as this consists of banknotes;
   e. to promote the smooth operation of payment systems.
2. In implementation of the Treaty, the Bank shall, within the framework of the European System of Central Banks, contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.
3. In implementation of the Treaty, the Bank may, in carrying out its tasks and duties under subsections (1) and (2), seek and take instructions exclusively from the European Central Bank.

1 Under the Treaty of Amsterdam now Article 4.
2 As amended by Act of 11 November 1999 (Stb. 507). Section 3(1) and 3(1)a used to read: ‘In implementation of the Treaty, the Bank shall, within the framework of the European System of Central Banks, have the following tasks: a) to co-define and implement monetary policy’.
3 Under the Treaty of Amsterdam now Article 11.
Section 4

1. The Bank shall have the task of supervising financial institutions in pursuance of the relevant statutory regulations.
2. The Bank shall have the task of promoting the smooth operation of the payment system.
3. The Bank shall have the task of collecting statistical data and producing statistics in pursuance of the relevant statutory regulations.
4. The Bank may perform tasks other than those referred to in this Act, provided that this is in the public interest and that permission has been granted by Royal Decree.

Division 2. Activities

Section 5

The Bank is authorized to perform those activities which are necessary in order to carry out the tasks referred to in sections 3 and 4, including the activities referred to in this division in particular. The Bank shall perform these activities in accordance with the provisions of the Treaty.

Section 6

The Bank is authorized to issue banknotes.

Section 7

The Bank is authorized to assist the European Central Bank in collecting data in pursuance of Article 5 of the Statute of the European System of Central Banks.

Section 8

1. The Bank is authorized to effect transactions in the financial markets, including receiving current-account deposits from account-holders, accepting securities and other documents of value for safe custody, and effecting credit transactions insofar as these are covered by adequate collateral.
2. At the request of Our Minister, the Bank shall perform the activities referred to in subsection (i) on behalf of the State and institutions established by law or by Royal Decree.

3. At the request of Our Minister and notwithstanding the provisions of subsection (i), the Bank shall grant the State, whenever Our Minister deems this necessary for the purpose of ensuring the smooth settlement of payments for the account of the State, unsecured overdraft facilities subject to a rate of interest to be agreed between Our Minister and the Bank. The State shall be obliged to repay these overdrafts on the same day as that on which they are granted.

**Section 9**

The Bank may, after permission has been granted by Royal Decree:

a. hold participations in the capital of legal entities, institutions and organizations to the extent that such participations have not yet been provided for in or pursuant to the Treaty or by law;

b. participate in activities performed by legal entities, institutions and organizations to the extent that such participation has not yet been provided for in or pursuant to the Treaty or by law;

c. perform activities, in the public interest, other than those referred to in this division.
CHAPTER III: PROVISIONS ON THE MANAGEMENT OF THE COMPANY

Section 10


Section 11

Provisions contained in Book 2 of the Dutch Civil Code which, when applied to the Bank, would be contrary to the Treaty or the Statute of the European System of Central Banks shall not apply to the Bank. With a view to the implementation of Article 108 of the Treaty, these provisions shall be specified by general administrative order.

Section 12

1. The Bank’s Governing Board shall be responsible for managing the Bank. The Governing Board shall consist of a President and at least three and at most five Executive Directors.
2. The President and the Executive Directors shall be appointed by Royal Decree, each time for a term of seven years. For the purpose of each such appointment, a short list containing the names of three persons shall be drawn up at a joint meeting of the Governing Board and the Supervisory Board.
3. The President and the Executive Directors may be suspended or relieved from office only if they no longer fulfil the conditions required for the performance of their duties or if they have been guilty of serious misconduct.
4. With regard to the tasks and activities performed in order to achieve the objective referred to in section 2(1), the Governing Board shall acknowledge the President’s capacity as member of both the Governing Council and the General Council.\(^2\)

Section 13

1. The Supervisory Board shall consist of at least nine and at most twelve members.

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1 Under the Treaty of Amsterdam now Article 109.
2 Subsection 4 was added to section 12 by Act of 11 November 1999 (Stb. 507).
2. One member of the Supervisory Board shall be appointed by the Government, each time for a term of four years.
3. The Chairman and the other members of the Supervisory Board shall be appointed by the shareholders, each time for a term of four years, from a list of three nominees for each vacancy, drawn up by the Supervisory Board. In the Chairman’s absence, the chair shall be taken by one of the members designated by the meeting as acting Chairman.
4. The Supervisory Board shall supervise the management of the Bank’s affairs and adopt the annual accounts. The annual accounts thus adopted shall require the approval of the shareholders.

Section 14

1. On behalf of Our Minister, the person appointed to the Supervisory Board pursuant to the provisions of section 13(2) may, at the request of Our Minister or on his own initiative, and with due observance of Article 107 of the Treaty, obtain from the Governing Board of the Bank data and information about the manner in which the Bank performs its tasks. At the request of Our Minister or on his own initiative, and with due observance of Article 107 of the Treaty, he may communicate his findings to Our Minister.
2. The Governing Board of the Bank shall be obliged at all times to provide the person referred to in subsection (1) at his request with all such data and information as he may deem necessary for the proper performance of his task referred to in subsection (1), with the exception of data and information which, pursuant to the Treaty or the statutory regulations referred to in section 4, are secret.

Section 15

1. There shall be a Bank Council, consisting of at least eleven and at most thirteen members, namely:
   a. the member of the Supervisory Board referred to in section 13(2);
   b. member appointed by the Supervisory Board from among its own members;
   c. at least nine and at most eleven members each of whom is appointed for a term of four years by the Bank Council.
2. The members referred to in subsection (1), under c, shall be appointed from a short list of at least two nominees for each vacancy, drawn up by the Governing Board of the Bank in such a manner as to ensure that the various sections of society are represented.
3. The Bank Council shall appoint a Chairman from among its members. In

1 Under the Treaty of Amsterdam now Article 108.
the Chairman’s absence, the chair shall be taken by one of the members
designated by the meeting as acting Chairman. The Bank shall provide secreta-
rial services for the Bank Council.
4. The Governing Board of the Bank and the Treasurer-General or his alter-
nate shall attend the meetings of the Bank Council and may take part in the
deliberations.
5. The President of the Bank shall report to the Bank Council on the general eco-
nomic and financial situation and shall discuss the policy conducted by the Bank
with the Bank Council. Other matters raised by one or more of the members in
connection with the Bank’s objectives, tasks and activities may also be discussed.

Section 16

1. With due observance of the Treaty and after consultation with Our
Minister, the Bank shall lay down internal guidelines for the administration of
securities, documents of value and those gold and foreign-exchange reserves
which have not been transferred to the European Central Bank under Article 30
of the Statute of the European System of Central Banks; in doing so, it shall
take due account of the interests of the State.
2. Subject to permission from Our Minister, the Bank has the power to create
reserves following the determination of profit. Transfers to and from these
reserves shall require the approval of Our Minister.

Section 17

1. Articles 2:363(6), 2:380, 2:383(2), second sentence, with the exception of the
sums outstanding, as well as Parts 3 and 4 of Title 9 of Book 2 of the Dutch Civil
Code shall not apply to the Bank. The Bank may, for the purpose inter alia of
determining the profit, base the valuation of investments, securities and foreign
exchange on principles which differ from the provisions of article 2:384(1),
second sentence, or 2:384(2), second sentence, of Book 2 of the Dutch Civil
Code, provided that this is in conformity with the relevant provisions of Part
14 of Title 9 of Book 2 of the Dutch Civil Code.
2. The Bank may also depart from the provisions of Title 9 of Book 2 of the
Dutch Civil Code insofar as the Supervisory Board deems this to be necessary
in order to achieve the objectives referred to in section 2.
3. The Bank may also depart from the provisions of Title 9 of Book 2 of the
Dutch Civil Code insofar as this is necessary for compliance with instructions
as referred to in section 3(3). The Bank shall notify the Supervisory Board forth-
with of any such departure.
CHAPTER IV: INFORMATION AND CONFIDENTIALITY

Section 18

1. Our Minister is authorized, with due observance of Article 107 of the Treaty, to request the Bank to provide such data or information, in connection with the tasks and activities performed in order to achieve the objective referred to in section 2(i), as he deems necessary for the purpose of determining the Government’s financial and economic policy.

2. The Bank is obliged, with due observance of Articles 10.4 and 38 of the Statute of the European System of Central Banks, to provide Our Minister with the data and information referred to in subsection (i).

Section 19

With regard to the tasks and activities performed in order to achieve the objective referred to in section 2(i), the President of the Bank may, with due observance of Article 107\(^1\) of the Treaty and Articles 10.4 and 38 of the Statute of the European System of Central Banks, be heard by the First or the Second Chamber of Parliament at their request.\(^2\)

Section 20

To the extent that this Act provides for the performance of the acts to achieve the objective referred to in section 2(i), anyone who, by virtue of the application of this Act or provisions based on it, performs any duty, shall be prohibited from using or divulging data or information obtained in the performance of that duty in any way beyond or other than that required for the performance of that duty or required by this Act.

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1 Under the Treaty of Amsterdam now Article 108.
2 As amended by Act of 11 November 1999 (Stb. 507). Section 19 used to read: ‘With regard to the tasks and activities performed in order to achieve the objective referred to in section 2(i), the President of the Bank may, with due observance of Article 107 of the Treaty and Articles 10.4 and 38 of the Statute of the European System of Central Banks, at the request of the Second Chamber of Parliament or on his own initiative, be heard by competent committees of the Second Chamber of Parliament.’
CHAPTER V: AMENDMENT OF OTHER ACTS

Section 21

1. The Act on the Supervision of the Credit System 1992 shall be amended as follows:
   a. The words "imposed on it by section 9(1) of the Bank Act 1948" in section 2(1), under a, shall be replaced by the words "as conferred upon it in section 3(1), under a, of the Bank Act 1998".
   b. The words "imposed on it in section 9(1) of the Bank Act 1948" in section 19(1) shall be replaced by the words "as instructed in section 3(1), under a, of the Bank Act 1998".
   c. The words "section 26 of the Bank Act 1948" in section 89 shall be replaced by the words "section 24 of the Bank Act 1998".
2. On the date when stage three of Economic and Monetary Union starts, and if at that date the Netherlands does not have a derogation as referred to in Article 109k1 of the Treaty, or alternatively on the date when the derogation is abrogated after stage three has started, the Act on the Supervision of the Credit System 1992 shall be amended as follows:
   a. Section 2(1), a, shall be deleted.
   b. Section 19 shall be deleted.
   c. Section 89 shall be deleted.
3. The date referred to in subsection (2) shall be announced by Our Minister in the Staatscourant (Government Gazette).

Section 22

The Financial Transactions Emergency Act shall be amended as follows:
   a. The words "section 16(1) of the Bank Act 1948" in section 14 shall be replaced by the words "section 8(1) of the Bank Act 1998".
   b. Section 15 shall be deleted.
   c. Section 16 shall be deleted.

Section 23

The following subsection shall be added to section 6 of the Coinage Act 1987:
   ‘3 The order referred to in subsections (1) and (2) shall be given with due observance of Article 105a(2) of the Treaty establishing the European Community.’

1 Under the Treaty of Amsterdam now Article 122.
2 Stage 3 commenced on 1 January 1999, Stcrt. 92, 18 May 1999.
3 Under the Treaty of Amsterdam now Article 106.
CHAPTER VI: TRANSITIONAL AND FINAL PROVISIONS

Section 24

1. The following subsections shall apply until the date on which the European Central Bank and the European System of Central Banks are established in accordance with Article 109l(1) of the Treaty.

2. Where Our Minister deems this necessary for the purpose of coordinating the Government’s monetary and financial policies with the Bank’s policy, he shall, having heard the Bank Council, give the Governing Board the directions which are required for the purpose of achieving this goal. Save as provided for in the following subsection, the Governing Board shall be obliged to follow these directions.

3. With regard to a direction as referred to in subsection (2), the Governing Board may lodge an objection. Notwithstanding section 6:7 of the General Administrative Law Act, the term for lodging an objection is three days. Sections 7:2 up to and including 7:9 of the General Administrative Law Act shall not apply. Our Minister shall decide on the objection in accordance with the opinion prevailing in the Council of Ministers.

4. If the decision taken by Our Minister in accordance with the provisions of subsection (3) results in the direction having to be followed, Our Minister shall, provided that the Council of Ministers is of the opinion that it is not against the national interest to do so, publish in the Staatscourant (Government Gazette) the objection lodged by the Governing Board and the decision taken by Our Minister in accordance with the provisions of subsection (3).

5. The date referred to in subsection (1) shall be announced by Our Minister in the Staatscourant (Government Gazette).

Section 25

1. The Annex to the General Administrative Law Act shall be supplemented by the following:

   1. Ministry of Finance
   1. Section 24(2) and (3) of the Bank Act 1998
   2. Part I.1 of the Annex to the General Administrative Law Act shall be repealed at the date referred to in section 24(1).

1 Under the Treaty of Amsterdam now Article 123.
Section 26

Until the date on which stage three of Economic and Monetary Union starts, or alternatively, if the Netherlands has a derogation as referred to in Article 109k of the Treaty on the date on which stage three of Economic and Monetary Union starts, until the date on which this derogation is abrogated, the following sections shall apply instead of sections 1, 2, 3, 14 and 17:

Section 1

For the purposes of this Act and the provisions based on it, the following terms shall be defined as stated below:

a. the Bank: De Nederlandsche Bank N.V.;
b. Our Minister: Our Minister of Finance;
c. the Treaty: the Treaty establishing the European Community;
d. the European Central Bank: the European Central Bank as referred to in Article 4A of the Treaty;
e. the European System of Central Banks: the European System of Central Banks as referred to in Article 4A of the Treaty;

Section 2

1. The Bank’s objective is to maintain price stability.
2. Without prejudice to the objective of price stability, the Bank shall support the Government’s general economic policy.
3. The Bank shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 3A of the Treaty.
4. The Bank shall have the additional objective of performing tasks conferred upon it by or pursuant to the law.

1 Under the Treaty of Amsterdam now Article 122.
2 Under the Treaty of Amsterdam now Article 8.
3 Under the Treaty of Amsterdam now Article 4.
Section 3

The Bank shall have the following tasks for the purpose of achieving the objective referred to in section 2(1):

a. to define and implement monetary policy;
b. to conduct foreign-exchange operations;
c. to hold and manage the official foreign reserves;
d. to provide for the circulation of money as far as this consists of banknotes;
e. to promote the smooth operation of payment systems.

Section 14

1. On behalf of Our Minister, the person appointed to the Supervisory Board pursuant to the provisions of section 13(2) may, at the request of Our Minister or on his own initiative, obtain from the Governing Board of the Bank data and information about the manner in which the Bank performs its tasks. At the request of Our Minister or on his own initiative, he may communicate his findings to Our Minister.

2. The Governing Board of the Bank shall be obliged at all times to provide the person referred to in subsection (1) at his request with all such data and information as he may deem necessary for the proper performance of his task as referred to in subsection (1), with the exception of data and information which, pursuant to the Treaty or the statutory regulations referred to in section 4, are secret.

Section 17

1. Articles 2:363(6), 2:380, 2:383(2), second sentence, with the exception of the sums outstanding, as well as Parts 3 and 4 of Title 9 of Book 2 of the Dutch Civil Code shall not apply to the Bank. The Bank may, for the purpose inter alia of determining the profit, base the valuation of investments, securities and foreign exchange on principles which differ from the provisions of article 2:384(1), second sentence, or 2:384(2), second sentence, of Book 2 of the Dutch Civil Code, provided that this is in conformity with the relevant provisions of Part 14 of Title 9 of Book 2 of the Dutch Civil Code.

2. The Bank may also depart from the provisions of Title 9 of Book 2 of the Dutch Civil Code insofar as the Supervisory Board deems this to be necessary in order to achieve the objectives referred to in section 2.

3. The Bank has power to invest its authorized capital and its reserves. The earnings accruing from such investments shall be added to the Bank’s profits. Any increase or decrease in the value of the assets in which the authorized capital and the reserves are invested shall be credited or debited to the reserves.
Section 27

1. Banknotes issued by the Bank which are denominated in Dutch guilders shall be legal tender.
2. Articles 229i to 229k of the Dutch Commercial Code shall not apply to banknotes.
3. Rules may be issued by or pursuant to general administrative order in relation to the exchange, withdrawal from circulation and the signing of banknotes by the Bank, and to the information which the Bank shall provide to the public in this respect.
4. The present section or a part thereof shall cease to have effect on a date to be determined by Royal Decree.

Section 28

After the entry into force of section 12 of this Act, the Royal Decrees which are in force pursuant to section 23(1) and (2) of the Bank Act 1948, shall be based on section 12(2) of the present Act.

Section 29

1. The first appointment of the members of the Supervisory Board referred to in section 13(3) shall be made by the shareholders within eight weeks of the date on which this Act takes effect. The members of the Supervisory Board who have been appointed in accordance with section 27 of the Bank Act 1948 shall vacate their office on the same date.
2. Notwithstanding the provisions of section 13(3), the members of the Supervisory Board appointed for the first time as referred to in section 13(3) shall hold office for a term of between one and four years in accordance with a schedule to be drawn up by the Supervisory Board.

Section 30

1. The first appointment of the members of the Bank Council referred to in section 15(1), under c, shall be made by the Bank within eight weeks of the date on which this Act takes effect. The members of the Bank Council who have been appointed in accordance with section 32 of the Bank Act 1948 shall vacate their office on the same date.
2. The members appointed in accordance with the provisions of subsection (i) shall hold office for a term of between one and four years in accordance with a schedule to be drawn up by the Bank Council.

Section 31

After the entry into force of section 9 of this Act, the Royal Decrees based on section 21 of the Bank Act 1948 shall henceforth be based on section 9 of the present Act.

Section 32

The Bank Act 1948 is hereby repealed.

Section 33

The Act of 11 January 1956 containing provisions to implement section 17 of the Bank Act 1948 is hereby repealed.

Section 34

The sections of this Act shall enter into force on a date to be stipulated by Royal Decree; this date may vary for different sections or parts thereof.

Section 35

This Act may be cited as the ‘Bank Act 1998’.

Direct and ordain that these presents shall be published in the Staatsblad (Bulletin of Acts, Orders and Decrees) and that all ministerial departments, authorities, boards and public servants whom it concerns shall enforce strict implementation.

The Minister of Finance
Articles of Association of De Nederlandsche Bank n.v., having its registered office in Amsterdam

May 1998

As last revised and adopted by deed dated 1 June 1998 passed before R.J.C. van Helden, notary public in Amsterdam.
CHAPTER 1: THE COMPANY, OBJECTIVES, TASKS, ACTIVITIES AND THE RELATIONSHIP TO THE EUROPEAN SYSTEM OF CENTRAL BANKS

Name and registered office

Article 1

1. The company shall be named: De Nederlandsche Bank n.v.
2. It shall have its registered office in Amsterdam.

Definitions

Article 2

For the purposes of these Articles of Association, the following terms shall be defined as stated below:

a. the Bank: De Nederlandsche Bank n.v.
b. the Treaty: the Treaty establishing the European Community.
c. the European Central Bank: the European Central Bank as referred to in Article 4A of the Treaty.
d. the European System of Central Banks: the European System of Central Banks as referred to in Article 4A of the Treaty.
e. the Statute of the European System of Central Banks: the Statute of the European System of Central Banks and of the European Central Bank as referred to in Article 4A of the Treaty.
f. the Minister: the Minister of Finance.

Objectives

Article 3

1. The Bank’s objective is to maintain price stability.
2. Without prejudice to the objective of price stability, the Bank shall support the Government’s general economic policy.
3. The Bank shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 3A of the Treaty.
4. The Bank shall also have the objective of performing tasks conferred upon it by or pursuant to the Bank Act 1998.
Tasks and activities

Article 4

In order to achieve the objectives referred to in article 3, the Bank shall perform the tasks and activities which it is authorized to perform by or pursuant to the law.
CHAPTER 2: CAPITAL

Capital, shares, register

Article 5

1. The Bank’s authorized capital, fully subscribed and paid-up, amounts to one billion one hundred and one million eight hundred and fifty-five thousand Dutch guilders (NLG 1,101,855,000), divided into five hundred (500) shares of two million two hundred and three thousand seven hundred and ten Dutch guilders (NLG 2,203,710) each.

2. The shares shall be registered.

3. The Governing Board shall, in respect of the holders of shares, keep a register in which such entries and notes shall be made, of which such extracts shall be given and which shall be so available for inspection by such persons as is required by the law.

4. Any issue of shares shall be effected in pursuance of a resolution adopted by the general meeting of shareholders.

5. The shares shall not be liable to pledge.
CHAPTER 3: MANAGEMENT

Governing Board

Article 6

1. The Bank’s Governing Board shall be responsible for managing the Bank.
2. The Governing Board shall consist of a President and at least three and at most five Executive Directors.
3. The Governing Board may, in performing the Bank’s tasks and activities in implementation of the Treaty and the Statute of the European System of Central Banks, seek and take instructions exclusively from the European Central Bank.
4. The President is a member of the Governing Council of the European Central Bank. With due observance of Article 10.2 of the Statute of the European System of Central Banks, he may appoint an alternate as a member of the Governing Council of the European Central Bank.
5. With respect to the tasks and activities for the achievement of the objective as referred to in section 2(1) of the Bank Act 1998, the Governing Board shall respect the President’s capacity as referred to in paragraph (4).
6. The President and the Executive Directors shall be appointed by Royal Decree, each time for a term of seven years. For the purpose of each such appointment, a short list containing the names of three persons shall be drawn up at a joint meeting of the Governing Board and the Supervisory Board.
7. The President and the Executive Directors may be suspended or relieved from office by Royal Decree if they no longer fulfil the conditions required for the performance of their duties or if they have been guilty of serious misconduct.

Representation

Article 7

1. The Governing Board represents the Bank. This power is also vested in the President and in each of the Executive Directors individually.
2. The Governing Board may appoint authorized signatories with powers of representation. It shall arrange for their powers and their titles as well as for the conditions of their appointment.
Absence or inability to act (Governing Board)

Article 8

1. If one or more members of the Governing Board are absent or unable to act, the remaining members shall continue to be charged with the management of the Bank. If the President is absent or unable to act, the office of President shall, with due observance of the provisions of article 6(4), be taken temporarily by the then most senior Executive Director present or, if he is absent or unable to act, by the then most senior Executive Director present, and so on.

2. If all members of the Governing Board save one are absent or unable to act, the remaining member shall continue to be charged with the management of the Bank. In that case, the Supervisory Board may decide to appoint, whether or not from among its own members, one or more persons to bear temporarily the responsibility for the Bank’s management, the office of President being taken temporarily by the remaining member of the Governing Board.

3. If all members of the Governing Board are absent or unable to act, the Supervisory Board shall be charged temporarily with the management of the Bank. In that case, the Supervisory Board may decide to appoint, whether or not from among its own members, two or more persons to bear temporarily the responsibility for the Bank’s management. The office of President shall then be taken temporarily by the Chairman of the Supervisory Board.

4. The person referred to in article 11(2) cannot be appointed to bear or share temporarily the responsibility for the Bank’s management.

5. In the event that, in his capacity as a member of the Governing Council of the European Central Bank, the President is replaced, the provisions of article 6(5) and (7) shall, to the extent necessary, apply correspondingly to the person so replacing the President.

Approval of Governing Board resolutions

Article 9

Save where and to the extent that resolutions are concerned in implementation of the Treaty and the Statute of the European System of Central Banks, and save where resolutions are concerned in the context of Acts of Parliament whose implementation has been charged to the Bank, the Supervisory Board may decide that Governing Board resolutions other than those referred to in these Articles of Association also require its prior consent. In that event, these resolutions shall be included in the rules of procedure referred to in article 26.
Salaries of Governing Board members

Article 10

The salaries of the President and of the Executive Directors shall be determined by the Supervisory Board and approved by Royal Decree.

Supervisory Board (composition, procedures, committees)

Article 11

1. The Supervisory Board shall consist of at least nine and at most twelve members.
2. One member of the Supervisory Board shall be appointed by the Government, each time for a term of four years.
3. The Chairman and the other members of the Supervisory Board shall be appointed by the general meeting of shareholders, each time for a term of four years, from a list of three nominees for each vacancy, drawn up by the Supervisory Board. In the Chairman’s absence, the chair shall be taken by one of the members designated by the meeting as acting Chairman.
4. The Supervisory Board shall supervise the management of the Bank’s affairs. Without prejudice to the provisions of the Treaty and the Statute of the European System of Central Banks, the Supervisory Board shall also supervise the general affairs of the company and its business. It shall advise the Governing Board. In the performance of their task, the members of the Supervisory Board shall be guided by the interests of the company and its business.
5.1. In preparation of the deliberations and decision-making within plenary Supervisory Board meetings, the Supervisory Board may appoint committees from among its own members.
5.2. The manner of composition and the further activities of the committees referred to under 1 shall be included in the rules of procedure referred to in article 26.
6. The first appointment of the members of the Supervisory Board shall be made in the manner as provided for in section 29(1) of the Bank Act 1998. The members thus appointed shall vacate their office in the manner as provided for in section 29(2) of the Bank Act 1998.
Government-appointed member of the Supervisory Board

Article 12

1. On behalf of the Minister, the person referred to in article 11(2) may, at the request of the Minister or on his own initiative and with due observance of Article 107 of the Treaty, obtain from the Governing Board data and information about the manner in which the Bank performs its tasks. At the request of the Minister or on his own initiative and with due observance of Article 107 of the Treaty, he may communicate his findings to the Minister.

2. The Governing Board shall be obliged at all times to provide the person referred to in article 11(2) at his request with all such data and information as he may deem necessary for the proper performance of his task as referred to in paragraph (1), insofar as this is permitted under the Treaty and the Statute of the European System of Central Banks and with the exception of data and information which, pursuant to the statutory regulations referred to in section 4 of the Bank Act 1998, are secret.

Joint meeting of Governing Board and Supervisory Board

Article 13

1. The joint meeting of the Governing Board and the Supervisory Board shall be chaired by the President.

2. The meeting as referred to in paragraph (1) shall be informed by the President about matters pertaining to the implementation of the Treaty and the Statute of the European System of Central Banks, insofar as, in his opinion, this is permitted under said Treaty and Statute.

3. The meeting as referred to in paragraph (1) shall be informed by the President about matters pertaining to the exercise of supervision of financial institutions as referred to in section 4(1) of the Bank Act 1998, insofar as, in his opinion, this does not concern data or information which, pursuant to the statutory regulations referred to in section 4(1) of the Bank Act 1998, are secret.

Replacement, absence or inability to act (Supervisory Board)

Article 14

1. If one or more members of the Supervisory Board are absent or unable to act, the remaining members shall continue to be charged with the Supervisory Board’s tasks. If all members of the Supervisory Board save one are absent or unable to act, the remaining member shall continue to be charged temporarily with the Supervisory Board’s tasks, provided that this remaining member is not the person referred to in article 11(2).
2. If the remaining member is the person referred to in article 11(2), or if all members of the Supervisory Board are absent or unable to act, the general meeting of shareholders may, acting on a recommendation of the Governing Board, decide that at least two members of the Supervisory Board shall be replaced temporarily.

Remuneration of Supervisory Board members

**Article 15**

Acting on a recommendation of the Governing Board, the general meeting of shareholders shall determine the amount, and the manner of index-linking, of the annual remuneration of the members of the Supervisory Board.
CHAPTER 4: GENERAL MEETING OF SHAREHOLDERS

General meeting of shareholders

Article 16

1. The general meetings of shareholders shall be held in Amsterdam.
2. The general meeting of shareholders shall be held within six months of the end of the financial year.
3. The agenda for the meeting referred to in paragraph (2) shall include the following topics:
   a. annual report;
   b. approval of the annual accounts as adopted.
4. At this meeting the President shall report on the previous financial year.
5. Furthermore, general meetings of shareholders shall be held as often as considered necessary by the Governing Board or the Supervisory Board as well as when requested by the holders of at least one-tenth of the subscribed capital or if required by law or by these Articles of Association.
6. The general meetings of shareholders shall be convened in writing by the President or the Chairman of the Supervisory Board.
7. The convocation shall be sent not later than on the fifteenth day prior to the date of the meeting.
8. The convocation shall state the topics to be discussed or shall state that those entitled to attend the meeting may take note of these topics at the Bank’s offices.
9. Any proposal to amend the Articles of Association shall always be included in or attached to the convocation.
10. The general meeting of shareholders shall be chaired by the Chairman of the Supervisory Board.
11. Adoption of resolutions by the general meeting of shareholders out of assembly shall only be possible in writing and with the unanimous vote of all holders of the full subscribed capital.
CHAPTER 5: BANK COUNCIL

Bank Council

Article 17

1. There shall be a Bank Council, consisting of at least eleven and at most thirteen members, namely:
   a. the person referred to in article 11(2);
   b. one member appointed by the Supervisory Board from among its members;
   c. at least nine and at most eleven members appointed by the Bank Council, each time for a term of four years.

2. The members referred to in paragraph (1), under c, shall be appointed from a short list of at least two nominees for each vacancy, drawn up by the Governing Board in such a manner as to ensure that the various sections of society are represented. In the short list the Governing Board shall indicate for each vacancy how the nomination contributes to the quest to ensure representation of the various sections of society.

3. The Bank Council shall appoint a Chairman from among its members. In the Chairman’s absence, the chair shall be taken by one of the members designated by the meeting as acting Chairman. The Bank shall provide secretarial services for the Bank Council.

4. The Governing Board of the Bank and the Treasurer-General of the Ministry of Finance or his alternate shall attend the meetings of the Bank Council and may take part in the deliberations.

5. The President shall report to the Bank Council on the general economic and financial developments and shall discuss the policy conducted by the Bank with the Bank Council. Other matters raised by one or more of the members in connection with the Bank’s objectives, tasks and activities may also be discussed.

6. The Governing Board shall determine the amount of the annual remuneration of the members of the Bank Council.

7. The first appointment of the members of the Bank Council shall be made by the Governing Board in the manner as provided for in section 30(1) of the Bank Act 1998. The members thus appointed shall vacate their office in the manner as provided for in section 30(2) of the Bank Act 1998.
CHAPTER 6: FINANCIAL MANAGEMENT

Portfolio investments

Article 18

With due observance of the Treaty and the Statute of the European System of Central Banks and after consultation with the Minister and the Supervisory Board, the Governing Board shall lay down internal guidelines for the administration of securities, documents of value and those gold and foreign-exchange reserves which have not been transferred to the European Central Bank under Article 30 of the Statute of the European System of Central Banks; in doing so, it shall take due account of the interests of the State.

Financial year, budget, reserves from profits, annual accounts and discharge

Article 19

1. The financial year shall be equal to the calendar year.
2. Each year, the Governing Board shall compile a budget of the Bank’s expected expenditure and shall do so before 1 January of the year to which the budget relates. The budget requires the prior consent of the Supervisory Board.
3. Each year, within three months of the end of the financial year, the Governing Board shall compile the annual accounts and the annual report.
4. With the approval of the Minister and after consultation with the Supervisory Board, the Governing Board may, after determination of the profit, create reserves. Transfers to and from these reserves shall be made after consultation with the Supervisory Board and with the approval of the Minister.
5. The annual accounts shall be presented to the Supervisory Board together with the annual report.
6. Without prejudice to the provisions of section 17 of the Bank Act 1998, the Supervisory Board shall adopt the annual accounts.
7. In evidence of this adoption, the annual accounts shall be signed by all members of the Governing Board and of the Supervisory Board. If the annual accounts are not signed by one or more of these members, the reason therefor shall be stated on the annual accounts.
8. The annual accounts thus adopted require the approval of the general meeting of shareholders. This approval shall serve as full discharge for the Governing Board and the Supervisory Board, without prejudice to the provisions of articles 138 and 139 of Book 2 of the Dutch Civil Code.
Expert

**Article 20**

1. The general meeting of shareholders shall, with due observance of Article 27.1 of the Statute of the European System of Central Banks, commission an expert as referred to in article 393 of Book 2 of the Dutch Civil Code to audit the annual accounts.
2. The expert shall present a report on his audit to the Supervisory Board and the Governing Board.
3. The expert shall reflect the results of his audit in an auditor's opinion on the annual accounts.
4. The annual accounts shall not be adopted if the Supervisory Board has been unable to take note of the auditor's opinion.

Objections to the annual accounts

**Article 21**

If the Supervisory Board has objections to the annual accounts as presented to it by the Governing Board for adoption, it shall inform the Governing Board of these objections in writing. If the objections cannot be resolved through mutual consultation, the annual accounts shall be subjected to the judgement of a committee of five experts. Of this committee, two members shall be appointed by the Governing Board and two by the Supervisory Board; the fifth member, who shall chair the committee, shall be appointed by the four other members. The committee shall make any such amendments to the annual accounts as it deems necessary and shall present the annual accounts thus amended as soon as possible to the Supervisory Board, which shall subsequently adopt the annual accounts with due observance of the amendments made by the committee.

Profit and allocation

**Article 22**

1. The Governing Board shall only make disbursements to the shareholders insofar as the Bank's shareholders' equity exceeds the amount of the paid-up capital plus the reserves that must be held pursuant to the law.
2. The profit, as shown in the adopted annual accounts, shall be at the disposal of the general meeting of shareholders.
3. Subject to the prior consent of the Supervisory Board, the Governing Board may, insofar as this is permitted by the profit as evidenced by an interim balance sheet compiled with due observance of the provisions of article 105(4) of Book 2 of the Dutch Civil Code, disburse an interim dividend on the shares before the adoption of the annual accounts.
CHAPTER 7: SECRECY, PREVENTION OF INSIDER TRADING, INCOMPATIBILITIES

Secrecy

Article 23

1. Without prejudice to the provisions of the law, anyone who, by virtue of the Bank Act 1998 or of decrees, orders or decisions taken in pursuance of that Act performs any duty shall not use or disclose data or information in any way beyond or other than that required for the performance of his task or by the law.

2. The Governing Board shall ensure that, without prejudice to the provisions of the law, anyone who, under any title whatever, performs activities for the Bank shall be bound towards the Bank by rules of secrecy.

Insider trading

Article 24

1. The Governing Board shall ensure that, without prejudice to the provisions of the law, the President, the Executive Directors, the employees of the Bank and those who perform activities for the Bank shall be bound towards the Bank by rules aimed at preventing insider trading.

2. The Supervisory Board shall ensure that, without prejudice to the provisions of the law, the members of the Supervisory Board shall be bound towards the Bank by rules aimed at preventing insider trading, to be drawn up by the Supervisory Board on the recommendation of the Governing Board.

Incompatibility of functions

Article 25

1. The joint meeting of the Governing Board and the Supervisory Board shall ensure that the members of the Supervisory Board, the President and the Executive Directors are each individually bound towards the Bank by rules, to be drawn up on the recommendation of the Governing Board, aimed at preventing the performance of jobs or activities which, considering the objective, the tasks and the activities of the Bank, are incompatible with the membership or former membership of the Supervisory Board or the Governing Board, respectively.

2. The principles underlying the rules referred to in paragraph (1) shall be included in the rules of procedure referred to in article 26.
3. The joint meeting referred to in paragraph (i) may, on request, grant dispensation from the provisions of that paragraph, whether or not subject to conditions.
CHAPTER 8: RULES OF PROCEDURE

Article 26

1. The Governing Board shall lay down rules of procedure, which shall be approved by the Supervisory Board.
2. These rules of procedure shall not conflict with any provision in these Articles of Association, the law, the Statute of the European System of Central Banks or the Treaty.
CHAPTER 9: TRANSITIONAL/FINAL PROVISIONS

Article 27

Resolutions to amend the Articles of Association shall be adopted by the
general meeting of shareholders, acting on a proposal from the Governing
Board approved by the Supervisory Board.

Transitional provisions
I.
Article 28

1. These Articles of Association shall enter into force on the same day as the
2. On the day referred to in paragraph (1) the Articles of Association dated one
March nineteen hundred and forty-nine, last amended on four May nineteen
hundred and ninety-four, shall cease to be effective.

II.
As from the date on which stage three of Economic and Monetary Union starts,
or alternatively, if the Netherlands has a derogation as referred to in Article 109K
of the Treaty on the date on which stage three of Economic and Monetary
Union starts, as from the date on which this derogation is abrogated, articles 1,
3 and 5 shall read as follows:

Name and registered office
Article 1

1. The company shall be named:
De Nederlandsche Bank N.V.
2. It shall have its registered office in Amsterdam.
3. It is an integral part of the European System of Central Banks in respect of the tasks
and duties which the Treaty confers upon that System.

Objectives
Article 3

1. In implementation of the Treaty, the Bank’s objective shall be to maintain price
stability.
2. In implementation of the Treaty, the Bank shall, without prejudice to the objective of price stability, support the general economic policies in the European Community with a view to contributing to the achievement of the objectives of the Community as laid down in Article 2 of the Treaty.

3. The Bank shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 3a of the Treaty.

4. The Bank shall also have the objective of performing tasks other than those in implementation of the Treaty, insofar as these have been conferred upon it by or pursuant to the law.

Capital, shares, register
Article 5

1. The Bank’s authorized capital, fully subscribed and paid-up, amounts to five hundred million euro (EUR 500,000,000), divided into five hundred (500) shares of one million euro (EUR 1,000,000) each.

2. The shares shall be registered.

3. The Governing Board shall, in respect of the holders of shares, keep a register in which such entries and notes shall be made, of which such extracts shall be given and which shall be so available for inspection by such persons as is required by the law.

4. Issues of shares shall be effected in pursuance of a resolution adopted by the general meeting of shareholders.

5. The shares shall not be liable to pledge.

III.
Article 29

1. Until the date on which the European Central Bank and the European System of Central Banks are established in conformity with Article 109l(1) of the Treaty, the following paragraphs shall apply:

2. Where the Minister deems this necessary for the purpose of coordinating the Government’s monetary and financial policies with the Bank’s policy, he shall, having heard the Bank Council, give the Governing Board the directions which are required for the purpose of achieving this goal. Save as provided for in the following paragraph, the Governing Board shall be obliged to follow these directions.
3. With regard to a direction as referred to in paragraph (2), the Governing Board may lodge an objection. Notwithstanding section 6:7 of the General Administrative Law Act, the term for lodging an objection is three days. Sections 7:2 up to and including 7:9 of the General Administrative Law Act shall not apply. The Minister shall decide on the objection in accordance with the opinion prevailing in the Council of Ministers.
4. If the decision taken by the Minister in accordance with the provisions of paragraph (3) results in the direction having to be followed, the objection lodged by the Governing Board and the decision taken by the Minister shall, provided that the Council of Ministers is of the opinion that it is not against the national interest to do so, be published in the Staatscourant (Government Gazette).

Article 30

After repeal of the Bank Act 1948, the contents of the decisions concerning the salaries of the President and the Executive Directors, the remuneration of the members of the Supervisory Board and the Bank Council, secrecy, incompatibility of functions and the summary balance sheet, as they are effective at the time of the entry into force of these Articles of Association, are considered to be the contents of the decisions as referred to in articles 10, 15, 17(6), 23, 24, 25 and 31.

IV. Article 31

Until the date on which stage three of Economic and Monetary Union starts, or alternatively, if the Netherlands has a derogation as referred to in Article 109k of the Treaty on the date on which stage three of Economic and Monetary Union starts, until the date on which this derogation is abrogated, the Governing Board shall once a week publish a summary balance sheet in the Staatscourant (Government Gazette) in a format to be approved by the Crown.

V. Capital

Of the authorized capital, five hundred (500) shares of two million two hundred and three thousand seven hundred and ten guilders (Nlg 2,203,710) each, totalling one billion one hundred and one million eight hundred and fifty-five thousand guilders (Nlg 1,101,855,000) are now subscribed and fully paid-up.
The existing twenty shares of one million guilders (NLG 1,000,000) each have hereby been converted into twenty (20) shares of two million two hundred and three thousand seven hundred and ten guilders (NLG 2,203,710) each. They have been fully paid-up.
Protocol (No. 3) on the Statute of the European System of Central Banks and of the European Central Bank

THE HIGH CONTRACTING PARTIES,

DESIRING to lay down the Statute of the European System of Central Banks and of the European Central Bank provided for in Article 4A of the Treaty establishing the European Community,

HAVE AGREED upon the following provisions, which shall be annexed to the Treaty establishing the European Community.
CHAPTER I: CONSTITUTION OF THE ESCB

The European System of Central Banks

Article 1

1.1. The European System of Central Banks (ESCB) and the European Central Bank (ECB) shall be established in accordance with Article 4A of this Treaty; they shall perform their tasks and carry on their activities in accordance with the provisions of this Treaty and of this Statute.

1.2. In accordance with Article 106(1) of this Treaty, the ESCB shall be composed of the ECB and of the central banks of the Member States (‘national central banks’). The Institut monétaire luxembourgeois will be the central bank of Luxembourg.
CHAPTER II: OBJECTIVES AND TASKS OF THE ESCB

Objectives

Article 2

In accordance with Article 105(1) of this Treaty, the primary objective of the ESCB shall be to maintain price stability. Without prejudice to the objective of price stability, it shall support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community as laid down in Article 2 of this Treaty. The ESCB shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 3A of this Treaty.

Tasks

Article 3

3.1 In accordance with Article 105(2) of this Treaty, the basic tasks to be carried out through the ESCB shall be:
- to define and implement the monetary policy of the Community;
- to conduct foreign-exchange operations consistent with the provisions of Article 109 of this Treaty;
- to hold and manage the official foreign reserves of the Member States;
- to promote the smooth operation of payment systems.

3.2 In accordance with Article 105(3) of this Treaty, the third indent of Article 3.1 shall be without prejudice to the holding and management by the governments of Member States of foreign exchange working balances.

3.3 In accordance with Article 105(5) of this Treaty, the ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.
Advisory functions

Article 4

In accordance with Article 105(4) of this Treaty:

a. the ECB shall be consulted:
   - on any proposed Community act in its fields of competence;
   - by national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 42;

b. the ECB may submit opinions to the appropriate Community institutions or bodies or to national authorities on matters in its fields of competence.

Collection of statistical information

Article 5

5.1. In order to undertake the tasks of the ESCB, the ECB, assisted by the national central banks, shall collect the necessary statistical information either from the competent national authorities or directly from economic agents. For these purposes it shall cooperate with the Community institutions or bodies and with the competent authorities of the Member States or third countries and with international organizations.

5.2. The national central banks shall carry out, to the extent possible, the tasks described in Article 5.1.

5.3. The ECB shall contribute to the harmonization, where necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its fields of competence.

5.4. The Council, in accordance with the procedure laid down in Article 42, shall define the natural and legal persons subject to reporting requirements, the confidentiality regime and the appropriate provisions for enforcement.

International cooperation

Article 6

6.1. In the field of international cooperation involving the tasks entrusted to the ESCB, the ECB shall decide how the ESCB shall be represented.

6.2. The ECB and, subject to its approval, the national central banks may participate in international monetary institutions.

6.3. Articles 6.1 and 6.2 shall be without prejudice to Article 109(4) of this Treaty.
CHAPTER III: ORGANIZATION OF THE ESCB

Independence

Article 7

In accordance with Article 107 of this Treaty, when exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and this Statute, neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their tasks.

General principle

Article 8

The ESCB shall be governed by the decision-making bodies of the ECB.

The European Central Bank

Article 9

9.1. The ECB which, in accordance with Article 106(2) of this Treaty, shall have legal personality, shall enjoy in each of the Member States the most extensive legal capacity accorded to legal persons under its law; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings.

9.2. The ECB shall ensure that the tasks conferred upon the ESCB under Article 105(2), (3) and (5) of this Treaty are implemented either by its own activities pursuant to this Statute or through the national central banks pursuant to Articles 12.1 and 14.

9.3. In accordance with Article 106(3) of this Treaty, the decision-making bodies of the ECB shall be the Governing Council and the Executive Board.
The Governing Council

Article 10

10.1. In accordance with Article 109a(1) of this Treaty, the Governing Council shall comprise the members of the Executive Board of the ECB and the governors of the national central banks.

10.2. Subject to Article 10.3, only members of the Governing Council present in person shall have the right to vote. By way of derogation from this rule, the Rules of Procedure referred to in Article 12.3 may lay down that members of the Governing Council may cast their vote by means of teleconferencing. These rules shall also provide that a member of the Governing Council who is prevented from voting for a prolonged period may appoint an alternate as a member of the Governing Council.

Subject to Articles 10.3 and 11.3, each member of the Governing Council shall have one vote. Save as otherwise provided for in this Statute, the Governing Council shall act by a simple majority. In the event of a tie, the President shall have the casting vote.

In order for the Governing Council to vote, there shall be a quorum of two thirds of the members. If the quorum is not met, the President may convene an extraordinary meeting at which decisions may be taken without regard to the quorum.

10.3. For any decisions to be taken under Articles 28, 29, 30, 32, 33 and 51, the votes in the Governing Council shall be weighted according to the national central banks’ shares in the subscribed capital of the ECB. The weights of the votes of the members of the Executive Board shall be zero. A decision requiring a qualified majority shall be adopted if the votes cast in favour represent at least two thirds of the subscribed capital of the ECB and represent at least half of the shareholders. If a Governor is unable to be present, he may nominate an alternate to cast his weighted vote.

10.4. The proceedings of the meetings shall be confidential. The Governing Council may decide to make the outcome of its deliberations public.

10.5. The Governing Council shall meet at least 10 times a year.

The Executive Board

Article 11

11.1. In accordance with Article 109a(2)(a) of this Treaty, the Executive Board shall comprise the President, the Vice President and four other members. The members shall perform their duties on a full time basis. No member shall engage in any occupation, whether gainful or not, unless exemption is exceptionally granted by the Governing Council.
11.2. In accordance with Article 109a(2)(b) of this Treaty, the President, the Vice President and the other members of the Executive Board shall be appointed from among persons of recognized standing and professional experience in monetary or banking matters by common accord of the governments of the Member States at the level of the Heads of State or Government, on a recommendation from the Council after it has consulted the European Parliament and the Governing Council. Their term of office shall be eight years and shall not be renewable. Only nationals of Member States may be members of the Executive Board.

11.3. The terms and conditions of employment of the members of the Executive Board, in particular their salaries, pensions and other social security benefits shall be the subject of contracts with the ECB and shall be fixed by the Governing Council on a proposal from a Committee comprising three members appointed by the Governing Council and three members appointed by the Council. The members of the Executive Board shall not have the right to vote on matters referred to in this paragraph.

11.4. If a member of the Executive Board no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct, the Court of Justice may, on application by the Governing Council or the Executive Board, compulsorily retire him.

11.5. Each member of the Executive Board present in person shall have the right to vote and shall have, for that purpose, one vote. Save as otherwise provided, the Executive Board shall act by a simple majority of the votes cast. In the event of a tie, the President shall have the casting vote. The voting arrangements shall be specified in the Rules of Procedure referred to in Article 12.3.

11.6. The Executive Board shall be responsible for the current business of the ECB.

11.7. Any vacancy on the Executive Board shall be filled by the appointment of a new member in accordance with Article 11.2.

Responsibilities of the decision-making bodies

Article 12

12.1. The Governing Council shall adopt the guidelines and take the decisions necessary to ensure the performance of the tasks entrusted to the ECB under this Treaty and this Statute. The Governing Council shall formulate the monetary policy of the Community including, as appropriate, decisions relating to intermediate monetary objectives, key interest rates and the supply of reserves in the ECB, and shall establish the necessary guidelines for their implementation.

The Executive Board shall implement monetary policy in accordance with the guidelines and decisions laid down by the Governing Council. In doing so the
Executive Board shall give the necessary instructions to national central banks. In addition the Executive Board may have certain powers delegated to it where the Governing Council so decides.

To the extent deemed possible and appropriate and without prejudice to the provisions of this Article, the ECB shall have recourse to the national central banks to carry out operations which form part of the tasks of the ESCB.

12.2. The Executive Board shall have responsibility for the preparation of meetings of the Governing Council.

12.3. The Governing Council shall adopt Rules of Procedure which determine the internal organization of the ECB and its decision-making bodies.

12.4. The Governing Council shall exercise the advisory functions referred to in Article 4.

12.5. The Governing Council shall take the decisions referred to in Article 6.

The President

Article 13

13.1. The President or, in his absence, the Vice President shall chair the Governing Council and the Executive Board of the ECB.

13.2. Without prejudice to Article 39, the President or his nominee shall represent the ECB externally.

National central banks

Article 14

14.1. In accordance with Article 108 of this Treaty, each Member State shall ensure, at the latest at the date of the establishment of the ESCB, that its national legislation, including the statutes of its national central bank, is compatible with this Treaty and this Statute.

14.2. The statutes of the national central banks shall, in particular, provide that the term of office of a Governor of a national central bank shall be no less than five years.

A Governor may be relieved from office only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. A decision to this effect may be referred to the Court of Justice by the Governor concerned or the Governing Council on grounds of infringement of this Treaty or of any rule of law relating to its application. Such proceedings shall be instituted within two months of the publication of the decision or of its notification to the plaintiff or, in the absence thereof, of the day on which it came to the knowledge of the latter, as the case may be.
14.3. The national central banks are an integral part of the ESCB and shall act in accordance with the guidelines and instructions of the ECB. The Governing Council shall take the necessary steps to ensure compliance with the guidelines and instructions of the ECB, and shall require that any necessary information be given to it.

14.4. National central banks may perform functions other than those specified in this Statute unless the Governing Council finds, by a majority of two thirds of the votes cast, that these interfere with the objectives and tasks of the ESCB. Such functions shall be performed on the responsibility and liability of national central banks and shall not be regarded as being part of the functions of the ESCB.

Reporting commitments

Article 15

15.1. The ECB shall draw up and publish reports on the activities of the ESCB at least quarterly.
15.2. A consolidated financial statement of the ESCB shall be published each week.
15.3. In accordance with Article 109b(3) of this Treaty, the ECB shall address an annual report on the activities of the ESCB and on the monetary policy of both the previous and the current year to the European Parliament, the Council and the Commission, and also to the European Council.
15.4. The reports and statements referred to in this Article shall be made available to interested parties free of charge.

Banknotes

Article 16

In accordance with Article 105a(i) of this Treaty, the Governing Council shall have the exclusive right to authorize the issue of banknotes within the Community. The ECB and the national central banks may issue such notes. The banknotes issued by the ECB and the national central banks shall be the only such notes to have the status of legal tender within the Community. The ECB shall respect as far as possible existing practices regarding the issue and design of banknotes.
CHAPTER IV: MONETARY FUNCTIONS AND OPERATIONS OF THE ESCB

Accounts with the ECB and the national central banks

Article 17

In order to conduct their operations, the ECB and the national central banks may open accounts for credit institutions, public entities and other market participants and accept assets, including book entry securities, as collateral.

Open market and credit operations

Article 18

18.1. In order to achieve the objectives of the ESCB and to carry out its tasks, the ECB and the national central banks may:
- operate in the financial markets by buying and selling outright (spot and forward) or under repurchase agreement and by lending or borrowing claims and marketable instruments, whether in Community or in non Community currencies, as well as precious metals;
- conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral.

18.2. The ECB shall establish general principles for open market and credit operations carried out by itself or the national central banks, including for the announcement of conditions under which they stand ready to enter into such transactions.

Minimum reserves

Article 19

19.1. Subject to Article 2, the ECB may require credit institutions established in Member States to hold minimum reserve on accounts with the ECB and national central banks in pursuance of monetary policy objectives. Regulations concerning the calculation and determination of the required minimum reserves may be established by the Governing Council. In cases of non-compliance the ECB shall be entitled to levy penalty interest and to impose other sanctions with comparable effect.

19.2. For the application of this Article, the Council shall, in accordance with the procedure laid down in Article 42, define the basis for minimum reserves and the maximum permissible ratios between those reserves and their basis, as well as the appropriate sanctions in cases of non-compliance.
Other instruments of monetary control

**Article 20**

The Governing Council may, by a majority of two thirds of the votes cast, decide upon the use of such other operational methods of monetary control as it sees fit, respecting Article 2. The Council shall, in accordance with the procedure laid down in Article 42, define the scope of such methods if they impose obligations on third parties.

Operations with public entities

**Article 21**

21.1. In accordance with Article 104 of this Treaty, overdrafts or any other type of credit facility with the ECB or with the national central banks in favour of Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the ECB or national central banks of debt instruments.

21.2. The ECB and national central banks may act as fiscal agents for the entities referred to in Article 21.1.

21.3. The provisions of this Article shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the ECB as private credit institutions.

Clearing and payment systems

**Article 22**

The ECB and national central banks may provide facilities, and the ECB may make regulations, to ensure efficient and sound clearing and payment systems within the Community and with other countries.
External operations

**Article 23**

The **ECB** and national central banks may:
- establish relations with central banks and financial institutions in other countries and, where appropriate, with international organizations;
- acquire and sell spot and forward all types of foreign-exchange assets and precious metals; the term ‘foreign-exchange asset’ shall include securities and all other assets in the currency of any country or units of account and in whatever form held;
- hold and manage the assets referred to in this Article;
- conduct all types of banking transactions in relations with third countries and international organizations, including borrowing and lending operations.

Other operations

**Article 24**

In addition to operations arising from their tasks, the **ECB** and national central banks may enter into operations for their administrative purposes or for their staff.
CHAPTER V: PRUDENTIAL SUPERVISION

Prudential supervision

Article 25

25.1. The ECB may offer advice to and be consulted by the Council, the Commission and the competent authorities of the Member States on the scope and implementation of Community legislation relating to the prudential supervision of credit institutions and to the stability of the financial system.

25.2. In accordance with any decision of the Council under Article 105(6) of this Treaty, the ECB may perform specific tasks concerning policies relating to the prudential supervision of credit institutions and other financial institutions with the exception of insurance undertakings.
CHAPTER VI: FINANCIAL PROVISIONS OF THE ESCB

Financial accounts

**Article 26**

26.1. The financial year of the ECB and national central banks shall begin on the first day of January and end on the last day of December.

26.2. The annual accounts of the ECB shall be drawn up by the Executive Board, in accordance with the principles established by the Governing Council. The accounts shall be approved by the Governing Council and shall thereafter be published.

26.3. For analytical and operational purposes, the Executive Board shall draw up a consolidated balance sheet of the ESCB, comprising those assets and liabilities of the national central banks that fall within the ESCB.

26.4. For the application of this Article, the Governing Council shall establish the necessary rules for standardizing the accounting and reporting of operations undertaken by the national central banks.

Auditing

**Article 27**

27.1. The accounts of the ECB and national central banks shall be audited by independent external auditors recommended by the Governing Council and approved by the Council. The auditors shall have full power to examine all books and accounts of the ECB and national central banks and obtain full information about their transactions.

27.2. The provisions of Article 188c of this Treaty shall only apply to an examination of the operational efficiency of the management of the ECB.

Capital of the ECB

**Article 28**

28.1. The capital of the ECB, which shall become operational upon its establishment, shall be ECU 5,000 million. The capital may be increased by such amounts as may be decided by the Governing Council acting by the qualified majority provided for in Article 10.3, within the limits and under the conditions set by the Council under the procedure laid down in Article 42.

28.2. The national central banks shall be the sole subscribers to and holders of the capital of the ECB. The subscription of capital shall be according to the key established in accordance with Article 29.
28.3. The Governing Council, acting by the qualified majority provided for in Article 10.3, shall determine the extent to which and the form in which the capital shall be paid up.

28.4. Subject to Article 28.5, the shares of the national central banks in the subscribed capital of the ecb may not be transferred, pledged or attached.

28.5. If the key referred to in Article 29 is adjusted, the national central banks shall transfer among themselves capital shares to the extent necessary to ensure that the distribution of capital shares corresponds to the adjusted key. The Governing Council shall determine the terms and conditions of such transfers.

Key for capital subscription

**Article 29**

29.1. When in accordance with the procedure referred to in Article 109(l) of this Treaty the escb and the ecb have been established, the key for subscription of the ecb’s capital shall be established. Each national central bank shall be assigned a weighting in this key which shall be equal to the sum of:

- 50% of the share of its respective Member State in the population of the Community in the penultimate year preceding the establishment of the escb;
- 50% of the share of its respective Member State in the gross domestic product at market prices of the Community as recorded in the last five years preceding the penultimate year before the establishment of the escb.

The percentages shall be rounded up to the nearest multiple of 0.05 percentage points.

29.2. The statistical data to be used for the application of this Article shall be provided by the Commission in accordance with the rules adopted by the Council under the procedure provided for in Article 42.

29.3. The weightings assigned to the national central banks shall be adjusted every five years after the establishment of the escb by analogy with the provisions laid down in Article 29.1. The adjusted key shall apply with effect from the first day of the following year.

29.4. The Governing Council shall take all other measures necessary for the application of this Article.

Transfer of foreign reserve assets to the ecb

**Article 30**

30.1. Without prejudice to Article 28, the ecb shall be provided by the national central banks with foreign reserve assets, other than Member States’ currencies, ecus, imf reserve positions and sdr, up to an amount equivalent to ecu 50,000 million. The Governing Council shall decide upon the proportion to be called
up by the ECB following its establishment and the amounts called up at later dates. The ECB shall have the full right to hold and manage the foreign reserves that are transferred to it and to use them for the purposes set out in this Statute.

30.2. The contributions of each national central bank shall be fixed in proportion to its share in the subscribed capital of the ECB.

30.3. Each national central bank shall be credited by the ECB with a claim equivalent to its contribution. The Governing Council shall determine the denomination and remuneration of such claims.

30.4. Further calls of foreign reserve assets beyond the limit set in Article 30.1 may be effected by the ECB, in accordance with Article 30.2, within the limits and under the conditions set by the Council in accordance with the procedure laid down in Article 42.

30.5. The ECB may hold and manage IMF reserve positions and SDRs and provide for the pooling of such assets.

30.6. The Governing Council shall take all other measures necessary for the application of this Article.

Foreign reserve assets held by national central banks

Article 31

31.1. The national central banks shall be allowed to perform transactions in fulfilment of their obligations towards international organizations in accordance with Article 23.

31.2. All other operations in foreign reserve assets remaining with the national central banks after the transfers referred to in Article 30, and Members States’ transactions with their foreign exchange working balances shall, above a certain limit to be established within the framework of Article 31.3, be subject to approval by the ECB in order to ensure consistency with the exchange rate and monetary policies of the Community.

31.3. The Governing Council shall issue guidelines with a view to facilitating such operations.

Allocation of monetary income of national central banks

Article 32

32.1. The income accruing to the national central banks in the performance of the ESCB’s monetary policy function (hereinafter referred to as ‘monetary income’) shall be allocated at the end of each financial year in accordance with the provisions of this Article.
32.2. Subject to Article 32.3, the amount of each national central bank’s monetary income shall be equal to its annual income derived from its assets held against notes in circulation and deposit liabilities to credit institutions. These assets shall be earmarked by national central banks in accordance with guidelines to be established by the Governing Council.

32.3. If, after the start of the third stage, the balance sheet structures of the national central banks do not, in the judgement of the Governing Council, permit the application of Article 32.2, the Governing Council, acting by a qualified majority, may decide that, by way of derogation from Article 32.2, monetary income shall be measured according to an alternative method for a period of not more than five years.

32.4. The amount of each national central bank’s monetary income shall be reduced by an amount equivalent to any interest paid by that central bank on its deposit liabilities to credit institutions in accordance with Article 19. The Governing Council may decide that national central banks shall be indemnified against costs incurred in connection with the issue of banknotes or in exceptional circumstances for specific losses arising from monetary policy operations undertaken for the ESCB. Indemnification shall be in a form deemed appropriate in the judgement of the Governing Council; these amounts may be offset against the national central banks’ monetary income.

32.5. The sum of the national central banks’ monetary income shall be allocated to the national central banks in proportion to their paid up shares in the capital of the ECB, subject to any decision taken by the Governing Council pursuant to Article 33.2.

32.6. The clearing and settlement of the balances arising from the allocation of monetary income shall be carried out by the ECB in accordance with guidelines established by the Governing Council.

32.7. The Governing Council shall take all other measures necessary for the application of this Article.
Allocation of net profits and losses of the ECB

Article 33

33.1. The net profit of the ECB shall be transferred in the following order: an amount to be determined by the Governing Council, which may not exceed 20% of the net profit, shall be transferred to the general reserve fund subject to a limit equal to 100% of the capital; the remaining net profit shall be distributed to the shareholders of the ECB in proportion to their paid up shares.

33.2. In the event of a loss incurred by the ECB, the shortfall may be offset against the general reserve fund of the ECB and, if necessary, following a decision by the Governing Council, against the monetary income of the relevant financial year in proportion and up to the amounts allocated to the national central banks in accordance with Article 32.5.
CHAPTER VII: GENERAL PROVISIONS

Legal acts

Article 34

34.1. In accordance with Article 108a of this Treaty, the ECB shall:
- make regulations to the extent necessary to implement the tasks defined in Article 3.1, first indent, Articles 19.1, 22 or 25.2 and in cases which shall be laid down in the acts of the Council referred to in Article 42;
- take decisions necessary for carrying out the tasks entrusted to the ESCB under this Treaty and this Statute;
- make recommendations and deliver opinions.

34.2. A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States. Recommendations and opinions shall have no binding force.

A decision shall be binding in its entirety upon those to whom it is addressed. Articles 190 to 192 of this Treaty shall apply to regulations and decisions adopted by the ECB.

The ECB may decide to publish its decisions, recommendations and opinions.

34.3. Within the limits and under the conditions adopted by the Council under the procedure laid down in Article 42, the ECB shall be entitled to impose fines or periodic penalty payments on undertakings for failure to comply with obligations under its regulations and decisions.

Judicial control and related matters

Article 35

35.1. The acts or omissions of the ECB shall be open to review or interpretation by the Court of Justice in the cases and under the conditions laid down in this Treaty. The ECB may institute proceedings in the cases and under the conditions laid down in this Treaty.

35.2. Disputes between the ECB, on the one hand, and its creditors, debtors or any other person, on the other, shall be decided by the competent national courts, save where jurisdiction has been conferred upon the Court of Justice.

35.3. The ECB shall be subject to the liability regime provided for in Article 215 of this Treaty. The national central banks shall be liable according to their respective national laws.

35.4. The Court of Justice shall have jurisdiction to give judgment pursuant to any arbitration clause contained in a contract concluded by or on behalf of the ECB, whether that contract be governed by public or private law.
35.5. A decision of the ECB to bring an action before the Court of Justice shall be taken by the Governing Council.
35.6. The Court of Justice shall have jurisdiction in disputes concerning the fulfilment by a national central bank of obligations under this Statute. If the ECB considers that a national central bank has failed to fulfil an obligation under this Statute, it shall deliver a reasoned opinion on the matter after giving the national central bank concerned the opportunity to submit its observations. If the national central bank concerned does not comply with the opinion within the period laid down by the ECB, the latter may bring the matter before the Court of Justice.

Staff
Article 36

36.1. The Governing Council, on a proposal from the Executive Board, shall lay down the conditions of employment of the staff of the ECB.
36.2. The Court of Justice shall have jurisdiction in any dispute between the ECB and its servants within the limits and under the conditions laid down in the conditions of employment.

Seat
Article 37

Before the end of 1992, the decision as to where the seat of the ECB will be established shall be taken by common accord of the governments of the Member States at the level of Heads of State or Government.

Professional secrecy
Article 38

38.1. Members of the governing bodies and the staff of the ECB and the national central banks shall be required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy.
38.2. Persons having access to data covered by Community legislation imposing an obligation of secrecy shall be subject to such legislation.
Signatories

Article 39

The ECB shall be legally committed to third parties by the President or by two members of the Executive Board or by the signatures of two members of the staff of the ECB who have been duly authorized by the President to sign on behalf of the ECB.

Privileges and immunities

Article 40

The ECB shall enjoy in the territories of the Member States such privileges and immunities as are necessary for the performance of its tasks, under the conditions laid down in the Protocol on the privileges and immunities of the European Communities annexed to the Treaty establishing a Single Council and a Single Commission of the European Communities.
CHAPTER VIII: AMENDMENT OF THE STATUTE AND COMPLEMENTARY LEGISLATION

Simplified amendment procedure

Article 41

41.1. In accordance with Article 106(5) of this Treaty, Articles 5.1, 5.2, 5.3, 17, 18, 19.1, 22, 23, 24, 26, 32.2, 32.3, 32.4, 32.6, 33.1(a) and 36 of this Statute may be amended by the Council, acting either by a qualified majority on a recommendation from the \( \text{ECB} \) and after consulting the Commission, or unanimously on a proposal from the Commission and after consulting the \( \text{ECB} \). In either case the assent of the European Parliament shall be required.

41.2. A recommendation made by the \( \text{ECB} \) under this Article shall require a unanimous decision by the Governing Council.

Complementary legislation

Article 42

In accordance with Article 106(6) of this Treaty, immediately after the decision on the date for the beginning of the third stage, the Council, acting by a qualified majority either on a proposal from the Commission and after consulting the European Parliament and the \( \text{ECB} \) or on a recommendation from the \( \text{ECB} \) and after consulting the European Parliament and the Commission, shall adopt the provisions referred to in Articles 4, 5.4, 19.2, 20, 28.1, 29.2, 30.4 and 34.3 of this Statute.
CHAPTER IX: TRANSITIONAL AND OTHER PROVISIONS FOR THE ESCB

General provisions

Article 43

43.1. A derogation as referred to in Article 109K(1) of this Treaty shall entail that the following Articles of this Statute shall not confer any rights or impose any obligations on the Member State concerned: 3, 6, 9.2, 12.1, 14.3, 16, 18, 19, 20, 22, 23, 26.2, 27, 30, 31, 32, 33, 34, 50 and 52.

43.2. The central banks of Member States with a derogation as specified in Article 109K(1) of this Treaty shall retain their powers in the field of monetary policy according to national law.

43.3. In accordance with Article 109K(4) of this Treaty, ‘Member States’ shall be read as ‘Member States without a derogation’ in the following Articles of this Statute: 3, 11.2, 19, 34.2 and 50.

43.4. ‘National central banks’ shall be read as ‘central banks of Member States without a derogation’ in the following Articles of this Statute: 9.2, 10.1, 10.3, 12.1, 16, 17, 18, 22, 23, 27, 30, 31, 32, 33.2 and 52.

43.5. ‘Shareholders’ shall be read as central banks of Member States without a derogation in Articles 10.3 and 33.1.

43.6. ‘Subscribed capital of the ECB’ shall be read as ‘capital of the ECB subscribed by the central banks of Member States without a derogation’ in Articles 10.3 and 30.2.

Transitional tasks of the ECB

Article 44

The ECB shall take over those tasks of the EMI which, because of the derogations of one or more Member States, still have to be performed in the third stage. The ECB shall give advice in the preparations for the abrogation of the derogations specified in Article 109K of this Treaty.

The General Council of the ECB

Article 45

45.1. Without prejudice to Article 106(3) of this Treaty, the General Council shall be constituted as a third decision-making body of the ECB.
45.2. The General Council shall comprise the President and Vice President of the ecb and the Governors of the national central banks. The other members of the Executive Board may participate, without having the right to vote, in meetings of the General Council.
45.3. The responsibilities of the General Council are listed in full in Article 47 of this Statute.

Rules of Procedure of the General Council

Article 46

46.1. The President or, in his absence, the Vice President of the ecb shall chair the General Council of the ecb.
46.2. The President of the Council and a Member of the Commission may participate, without having the right to vote, in meetings of the General Council.
46.3. The President shall prepare the meetings of the General Council.
46.4. By way of derogation from Article 12.3, the General Council shall adopt its Rules of Procedure.
46.5. The Secretariat of the General Council shall be provided by the ecb.

Responsibilities of the General Council

Article 47

47.1. The General Council shall:
- perform the tasks referred to in Article 44;
- contribute to the advisory functions referred to in Articles 4 and 25.1.
47.2. The General Council shall contribute to:
- the collection of statistical information as referred to in Article 5;
- the reporting activities of the ecb as referred to in Article 15;
- the establishment of the necessary rules for the application of Article 26 as referred to in Article 26.4;
- the taking of all other measures necessary for the application of Article 29 as referred to in Article 29.4;
- the laying down of the conditions of employment of the staff of the ecb as referred to in Article 36.
47.3. The General Council shall contribute to the necessary preparations for irrevocably fixing the exchange rates of the currencies of Member States with a derogation against the currencies, or the single currency, of the Member States without a derogation, as referred to in Article 109l(5) of this Treaty.
47.4. The General Council shall be informed by the President of the ecb of decisions of the Governing Council.
Transitional provisions for the capital of the ECB

Article 48

In accordance with Article 29.1 each national central bank shall be assigned a weighting in the key for subscription of the ECB’s capital. By way of derogation from Article 28.3, central banks of Member States with a derogation shall not pay up their subscribed capital unless the General Council, acting by a majority representing at least two thirds of the subscribed capital of the ECB and at least half of the shareholders, decides that a minimal percentage has to be paid up as a contribution to the operational costs of the ECB.

Deferred payment of capital, reserves and provisions of the ECB

Article 49

49.1. The central bank of a Member State whose derogation has been abrogated shall pay up its subscribed share of the capital of the ECB to the same extent as the central banks of other Member States without a derogation, and shall transfer to the ECB foreign reserve assets in accordance with Article 30.1. The sum to be transferred shall be determined by multiplying the ECU value at current exchange rates of the foreign reserve assets which have already been transferred to the ECB in accordance with Article 30.1, by the ratio between the number of shares subscribed by the national central bank concerned and the number of shares already paid up by the other national central banks.

49.2. In addition to the payment to be made in accordance with Article 49.1, the central bank concerned shall contribute to the reserves of the ECB, 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 the abrogation of the derogation. The sum to be contributed shall be determined by multiplying the amount of the reserves, as defined above and as stated in the approved balance sheet of the ECB, by the ratio between the number of shares subscribed by the central bank concerned and the number of shares already paid up by the other central banks.

Initial appointment of the members of the Executive Board

Article 50

When the Executive Board of the ECB is being established, the President, the Vice President and the other members of the Executive Board shall be appointed by common accord of the governments of the Member States at the level of Heads of State or Government, on a recommendation from the Council and after consulting the European Parliament and the Council of the
EMI. The President of the Executive Board shall be appointed for eight years. By way of derogation from Article 11.2, the Vice President shall be appointed for four years and the other members of the Executive Board for terms of office of between five and eight years. No term of office shall be renewable. The number of members of the Executive Board may be smaller than provided for in Article 11.1, but in no circumstance shall it be less than four.

Derogation from Article 32

Article 51

51.1. If, after the start of the third stage, the Governing Council decides that the application of Article 32 results in significant changes in national central banks’ relative income positions, the amount of income to be allocated pursuant to Article 32 shall be reduced by a uniform percentage which shall not exceed 60% in the first financial year after the start of the third stage and which shall decrease by at least 12 percentage points in each subsequent financial year.

51.2. Article 51.1 shall be applicable for not more than five financial years after the start of the third stage.

Exchange of banknotes in Community currencies

Article 52

Following the irrevocable fixing of exchange rates, the Governing Council shall take the necessary measures to ensure that banknotes denominated in currencies with irrevocably fixed exchange rates are exchanged by the national central banks at their respective par values.

Applicability of the transitional provisions

Article 53

If and as long as there are Member States with a derogation Articles 43 to 48 shall be applicable.