

MONETARY AGREEMENT

BETWEEN THE EUROPEAN UNION AND THE VATICAN CITY STATE

THE EUROPEAN UNION, represented by the European Commission and by the Italian Republic
and

THE VATICAN CITY STATE, represented by the Holy See within the meaning of Article 3 of the
Lateran Treaty,

Whereas:

(1) On 1 January 1999, the euro has replaced the currency of each Member State participating in the third stage of Economic and Monetary Union, among which Italy, pursuant to Council Regulation (EC) No 974/98 of 3 May 1998.

(2) Italy and the Vatican City State were linked before the creation of the euro by bilateral agreements on monetary matters, and in particular the *Convenzione monetaria tra la Repubblica Italiana e lo Stato della Città del Vaticano*, concluded on 3 December 1991.

(3) The Declaration No 6 annexed to the Final Act of the Treaty on European Union stated that the Community should facilitate the renegotiation of existing arrangements with the Vatican City State as might become necessary as a result of the introduction of the single currency.

(4) The European Community, represented by the Italian Republic in association with the Commission and the ECB, concluded on 29 December 2000 a Monetary Agreement with the Vatican City State.

(5) In accordance with this Monetary Agreement, the Vatican City State uses the euro as its official currency and grants legal tender status to euro banknotes and coins. It should ensure that EU rules on banknotes and coins denominated in euro – including those related to its protection against counterfeiting - are applicable within its territory;

(6) This agreement does not impose any obligation on the ECB and national Central Banks to include Vatican City State's financial instruments in the list(s) of securities eligible for monetary policy operations of the European System of Central Banks;

(7) A Joint Committee composed of representatives of the Vatican City State, the Italian Republic the Commission and the ECB should be established in order to examine the application of this Agreement, decide the annual ceiling for coin issuance, examine the adequacy of the minimum proportion of coins to be introduced at face value and assess the measures taken by the Vatican City State for implementing relevant EU legislations.

(8) The Court of Justice of the European Union should be the judicial body in charge of settling disputes which may arise from the application of the Agreement.

HAVE AGREED AS FOLLOWS:

Article 1

The Vatican City State shall be entitled to use the euro as its official currency in accordance with Regulations (EC) No 1103/97 and (EC) No 974/98. The Vatican City State shall grant legal tender status to euro banknotes and coins.

Article 2

The Vatican City State shall not issue any banknote, coin or monetary surrogate of any kind unless the conditions for such issuance have been agreed with the European Union. The conditions for issuing euro coins as from 1 January 2010 are laid down in the following Articles.

Article 3

1. The annual ceiling (in value terms) for the issuance of euro coins by the Vatican City State shall be calculated by the Joint Committee established by the present Agreement as the addition of:

- *a fixed part*, whose initial amount for 2010 is set at EUR 2 300 000. The Joint Committee may revise annually the fixed part with a view to taking into account both inflation - on the basis of the HICP inflation of Italy in the year n-1 - and the possible significant evolutions affecting the euro coins collector market;

- *a variable part*, corresponding to the average per capita coin issuance of the Italian Republic in the year n-1 multiplied by the number of inhabitants of the Vatican City State.

2. The Vatican City State may also issue a special commemorative coin and/or collector coins in years when the Holy See is vacant. In case this special issuance brings the overall issuance above the ceiling

laid down in paragraph 1, the value of this issuance shall be accounted for using the remaining part of the ceiling of the previous year and/or deduced from the ceiling of the following year.

Article 4

1. Euro coins issued by the Vatican City State shall be identical to those issued by the Member States of the European Union which have adopted the euro as far as the face value, legal tender status, technical characteristics, artistic features of the common side and the shared artistic features of the national side are concerned.

2. The Vatican City State shall notify in advance the draft national sides of its euro coins to the Commission, which shall check its compliance with the EU rules.

Article 5

1. Euro coins issued by the Vatican City State shall be minted by the Istituto Poligrafico e Zecca dello Stato of the Italian Republic.

2. By derogation to paragraph 1, the Vatican City State may have its coins minted by an EU Mint striking euro coins other than the one mentioned in paragraph 1, with the agreement of the Joint Committee.

Article 6

1. The volume of euro coins issued by the Vatican City State shall be added to the volume of coins issued by Italy for the purposes of European Central Bank approval of the total volume of the issue by that Member State in accordance with Article 128(2) of the Treaty on the functioning of the European Union.

2. No later than 1 September of each year, the Vatican City State shall notify the Italian Republic of the volume and the face value of the euro coins that it intends to issue during the following year. It shall also notify to the Commission the intended conditions of issuance of these coins.

3. The Vatican City State shall communicate the information as mentioned in paragraph 2 for the year 2010 upon signature of this Agreement.

4. Without prejudice to the issuance of collector coins, the Vatican City State shall put in circulation at face value at least 51% of the euro coins issued each year. The Joint Committee shall examine every five years the adequacy of the minimum proportion of coins to be introduced at face value and may decide to increase it.

Article 7

1. The Vatican City State may issue euro collector coins. They shall be included in the annual ceiling referred to in Article 3. The issuance of euro collector coins by the Vatican City State shall be in accordance with the EU guidelines laid down for euro collector coins, which, inter alia, require the adoption of technical characteristics, artistic features and denominations that enable euro collector coins to be distinguished from coins intended for circulation.

2. Collector coins issued by the Vatican City State shall not be legal tender in the European Union.

Article 8

1. The Vatican City State shall undertake to adopt all appropriate measures, through direct transpositions or possibly equivalent actions, with a view to implementing the EU legal acts and rules listed in the Annex to this Agreement, in the field of:

(a) euro banknotes and coins;

(b) prevention of money laundering, prevention of fraud and counterfeiting of cash and non-cash means of payment, medals and tokens and statistical reporting requirements.

If and when a banking sector is created in the Vatican City State, the list of legal acts and rules in the Annex shall be extended with a view to including EU banking and financial law and relevant ECB legal acts and rules, in particular on statistical reporting requirements.

2. The legal acts and rules referred to in paragraph 1 shall be implemented by the Vatican City State in accordance with the deadlines specified in the Annex.

3. The Annex shall be amended by the Commission every year, with a view to taking into account the new relevant EU legal acts and rules and the amendments to the existing ones. The Joint Committee shall thereafter decide on appropriate and reasonable deadlines for the implementation by the Vatican City State of the new legal acts and rules added to the Annex.

4. The updated Annex shall be published in the Official Journal of the European Union.

Article 9

Financial institutions located in the Vatican City State may have access to interbank settlement and payment and securities settlement systems within the euro area under appropriate terms and conditions determined by the Bank of Italy, in agreement with the European Central Bank.

Article 10

1. The Court of Justice of the European Union shall be the jurisdiction which shall have the exclusive competence for settling any persisting dispute between the parties which may arise from the application of this Agreement and which could not have been solved within the Joint Committee.

2. If the European Union (acting on a recommendation of the EU delegation in the Joint Committee) or the Vatican City State considers that the other Party has not fulfilled an obligation under this Agreement, it may bring the matter before the Court of Justice. The judgment of the Court shall be binding on the Parties, which shall take the necessary measures to comply with the judgment within a period to be decided by the Court in its judgment.

3. In case the European Union or the Vatican City State fails to take the necessary measures to comply with the judgment within the period, the other Party can terminate immediately the Agreement.

Article 11

1. A Joint Committee shall be established. It shall be composed of representatives of the Vatican City State and of the European Union. The delegation of the EU shall be composed of representatives of the Commission and of the Italian Republic, together with the representatives of the European Central Bank. The European Union delegation should adopt its Rules of Procedures by consensus.

2. The Joint Committee shall meet at least once a year. The Chair shall rotate on an annual basis between a representative of the European Union and a representative of the Vatican City State. The Joint Committee shall adopt its decisions unanimously.

3. The Joint Committee shall exchange views and information and adopt the decisions mentioned in the Articles 3, 6 and 8. It shall examine the measures taken by the Vatican City State and shall endeavour to solve potential dispute resulting from the implementation of this Agreement.

4. The European Union shall be the first chair of the Joint Committee upon the entry into force of this Agreement, as laid down in Article 13.

Article 12

Without prejudice to Article 10.3, each Party may terminate this Agreement with notice of one year.

Article 13

This Agreement shall enter into force on 1 January 2010.

Article 14

The Monetary Agreement of 29 December 2000 shall be repealed from the date of entry into force of the present Agreement. References to the Agreement of 29 December 2000 shall be understood as references to the present Agreement.

Done at Brussels, 17 December 2009

For the European Union

For the Vatican City State and, on its behalf, the
Holy See

Joaquín ALMUNIA

His Excellency Archbishop André DUPUY

Member of the European Commission

Apostolic Nuncio to the European Union

Annex

| LEGAL PROVISIONS TO BE IMPLEMENTED | DEADLINE FOR IMPLEMENTING |
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| <i>Prevention of money laundering</i> | |
| <p>Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, <i>OJ L 309, 25.11.2005, p. 15–36</i></p> <p><u>Amended by:</u></p> <p>Directive 2008/20/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as regards the implementing powers conferred on the Commission , <i>OJ L 76, 19.3.2008, p. 46–47</i></p> <p>Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis, OJ L 214, 4.8.2006, p. 29–34</p> <p>Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds, OJ L 345, 8.12.2006, p. 1–9</p> <p>Regulation (EC) No 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community, OJ L 309, 25.11.2005, p. 9–12</p> <p>2001/500/JAI, Council Framework Decision of 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime, <i>OJ L 182, 5.7.2001, p. 1–2</i></p> | 31.12.2010 |

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| <p><i>Prevention of fraud and counterfeiting</i></p> | |
| <p>Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting, OJ L 181, 4.7.2001, p. 6–10</p> <p><u>Amended by:</u></p> <p>Council Regulation (EC) No 44/2009 of 18 December 2008 amending Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting, OJ L 17, 22.1.2009, p. 1–3</p> | <p>31.12.2010</p> |
| <p>Council Regulation (EC) No 2182/2004 of 6 December 2004 concerning medals and tokens similar to euro coins, OJ L 373, 21.12.2004, p. 1–3</p> <p><u>Amended by:</u></p> <p>Council Regulation (EC) No 46/2009 of 18 December 2008 amending Regulation (EC) No 2182/2004 concerning medals and tokens similar to euro coins, OJ L 17, 22.1.2009, p. 5–6</p> | <p>31.12.2010</p> |
| <p>2000/383/JAI Council framework Decision of 29 May 2000 on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro, OJ L 140, 14.6.2000, p. 1–3</p> <p><u>Amended by:</u></p> <p>Council framework Decision of 6 December 2001 amending Framework Decision 2000/383/JHA on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro, <i>OJ L 329, 14.12.2001, p. 3</i></p> | <p>31.12.2010</p> |
| <p>1999/C149/02 Council Decision of 29 April 1999 extending Europol's mandate to deal with forgery of money and means of payment, OJ C 149, 28.5.1999, p. 16–17</p> | <p>31.12.2010</p> |

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| <p>2001/923/EC: Council Decision of 17 December 2001 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the "Pericles" programme), OJ L 339, 21.12.2001, p. 50–54</p> <p><u>Amended by:</u></p> <p>2006/75/EC: Council Decision of 30 January 2006 amending and extending Decision 2001/923/EC establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the Pericles programme), OJ L 36, 8.2.2006, p. 40–41</p> <p>2006/849/EC: Council Decision of 20 November 2006 amending and extending Decision 2001/923/EC establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the Pericles programme), OJ L 330, 28.11.2006, p. 28–29</p> <p>2001/888/JAI Council Framework Decision of 6 December 2001 amending Framework Decision 2000/383/JHA on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro, <i>OJ L 329, 14.12.2001, p. 3</i></p> <p>2001/887/JAI, Council Decision of 6 December 2001 on the protection of the euro against counterfeiting, <i>OJ L 329, 14.12.2001, p. 1–2</i></p> | <p>31.12.2010</p> |
| <p>2001/413/JAI, Council Framework Decision of 28 May 2001 combating fraud and counterfeiting of non-cash means of payment, <i>OJ L 149, 2.6.2001, p. 1–4</i></p> | <p>31.12.2010</p> |
| <p><i>Rules on euro banknotes and coins</i></p> | |
| <p>975/98/CE Council Regulation (EC) No 975/98 of 3 May 1998 on denominations and technical specifications of euro coins intended for circulation, OJ L 139, 11.5.1998, p. 6–8</p> <p>Amended by Council Regulation (EC) No 423/1999 of 22 February 1999, <i>OJ L 052, 27.02.1999, p. 2–3</i></p> | <p>31.12.2010</p> |
| <p>Council Conclusions of 10 May 1999 on the quality management system for euro coins</p> | <p>31.12.2010</p> |
| <p>Council Conclusions of 23 November 1998 and of 5 November 2002 on collector coins</p> | <p>31.12.2010</p> |

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| C(2008) 8625 , Commission Recommendation of 19 December 2008 on common guidelines for the national sides and the issuance of euro coins intended for circulation, (<i>OJ L 009, 14.01.2009 p. 52</i>) | 31.12.2010 |
| COM(2001)600 , Communication from the Commission of 22 October 2001 on copyright protection of the common face design of the euro coins (2001/C318/03), <i>OJ C 318, 13/11/2001 p. 3-4</i> | 31.12.2010 |
| ECB/2003/5 Guideline of the European Central Bank of 20 March 2003 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes, <i>OJ L78, 25/03/2003, p. 20-22.</i> | 31.12.2010 |
| ECB/2003/4 , Decision of the European Central Bank of 20 March 2003 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes <i>OJ L 78, 25.03.2003, p. 16-19</i> | 31.12.2010 |