

European Commission Directorate-General for the BUDGET

Treasury Management

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Disclaimer: these slides accompany the explanation of the acquis to Albania and North Macedonia and can only be used for that purpose. Their content is subject to further development of the acquis and interpretation by the Court of Justice of the European Union'

Agenda

Structure of the EC Treasury

- In and Out flows
- Accounts
- SWIFT membership
- Statistics
- Third Party Files

EC Treasury – In & Out flows

Inflows

- Own Resources (GNI, VAT based and Traditional)
- Other receipts

Outflows

- Payments

EC Treasury – Accounts

Article 9 accounts (Own Resources)

Central Banks accounts in EUR (non Art.9 accounts)

Commercial bank accounts

- Opened for payments, receipts and special purposes
- Selected by call for tenders
- Replenished on a just-in-time basis

EC Treasury – Article 9 accounts

Opening of the Article 9 account

- Procedures
- Treasury and/or Central Bank account?
- SWIFT transactions

Procedure for opening Art.9 account

Legal basis: Art. 9 of Council Regulation 609/2014 (amended by 2016/804)

Member State opens account

- in Commission's name
- in the Treasury or the Central Bank
- in National Currency

Member State informs Commission of

- account number
- names and addresses of contacts

Commission sends authorised signatures for the account

Treasury vs Central Bank Art. 9 account

**Commission
prefers
Central
Bank
because:**

- communication by SWIFT
- procedures well understood
- very fast communication
- very secure transmission
- standardised/automated operations

Transactions on the art. 9 account

Credits

VAT, GNI Own Resources

- 1st working day of month
- monthly twelfth
- additional call up, especially in 1st quarter

Traditional Own Resources

- 1st working day following 19th of each month

Transfers from EC accounts with other MS

- Art 14§4: to spread EC Treasury balances proportionally to MS budget contributions (Transfers-in will be in EUR)
- 1 or 2 times a month

Transactions on the Art.9 account

Debits

Payments in national currency

- Rare and occasional

Transfers to EUR account, or other EC accounts

- In EUR or National Currency (NC)
- Depending on EC treasury needs

Transfers to EC accounts with other MS (for compliance with Art. 14§4)

- Even if the new MS are generally overall net recipients, in any given month they may not be. Transfers-out are made in NC (or in EUR)

EC Treasury – Central Bank account in EUR

Central Bank account in EUR

(non Art.9 account)

- Why and when it is needed
- Debits and credits on the account

EC Treasury - Central Bank account in EUR

Needed if
Art.9 account
held at
Treasury, or
when Art.9
account in NC

- Used as intermediary between the Art. 9 account and other EC accounts with Central Banks and commercial banks
- It receives EUR when funds on Art. 9 are not sufficient, and in accordance with Art. 14§4

Transactions on the EUR account

Credits

- Transfers from MS Art 9 account
- Transfers from other MS Central Banks (art. 14§4) in EUR

Debits

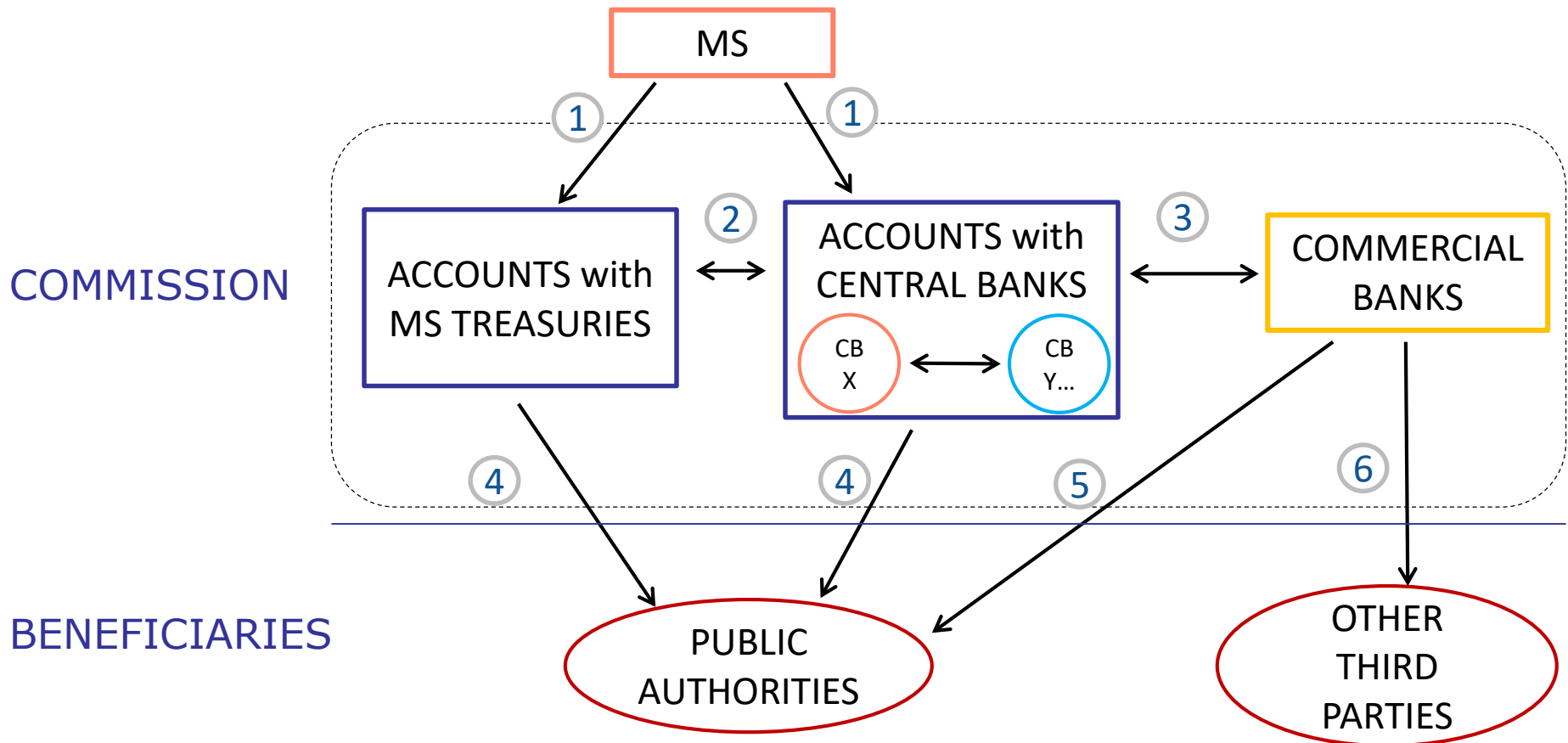
- Transfers to commercial bank accounts
- Transfers to other MS Central Banks (art. 14§4)
- Payments

Options to make EUR payments to governments of non-EUR Member States

Commission opens account in EUR in MS Central Bank. The account is funded from the Art. 9 account or from other EC accounts (preferred option)

Commission uses a bank account outside the country concerned

Treasury architecture



EC Treasury - conditions for accounts

Art.9 account

- No charges
- Negative interest to be compensated by MS (Art.9§1)
- Specific conditions must be negotiated/agreed for currency conversion

Central Bank non Art.9 account

- Interest and charges to be negotiated/agreed (borne by the EC)
- Conditions for currency conversion to be negotiated/agreed (currency conversion of Own Resources may also be carried out by other banks)

EC Treasury – Swift membership

Commission
is connected
to the Swift
network to
send/receive
messages

- BIC: EUCOBEBBXXX
- MT200/202: Financial institution transfer (instructions for transfers)
- MT210: Notice to receive
- MT101/103: Payment instruction

EC Treasury – Statistics (2018)

Nearly 2,5 million payments/year

- of which < 1% from Treasuries and Central Banks accounts
- but representing 64% of total amounts paid

EC Treasury - Third Party Files

**Legal basis:
Article 86
Financial
Regulation**

- Legal entities file
- Bank accounts file

EC Treasury - Third Party Files

Legal entities file

- Three types of Legal entities:
 - *Public Law Bodies*
 - *Private Law bodies*
 - *Individuals*
- Request to create/update sent by Commission Authorising department
- Central validation by Commission Accounting Officer
- Validation based on valid supporting documents

EC Treasury - Third Party Files

Bank accounts file

- SWIFT/BIC compatible coding of account numbers
- IBAN whenever possible
- Request to create/update sent by Commission Authorising department
- Central Validation by Commission Accounting Officer
- Validation based on valid supporting documents (e.g.: Bank Statement)

Contact

Contacts, further information:

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