

# Introduction of the euro

1996/0250(CNS) - 16/10/1996 - Legislative proposal

**OBJECTIVE:** to propose, before the start of stage III of EMU, the provisions which should make up the legal framework for the use of the euro, in order to provide economic operators with the necessary legal certainty. **SUBSTANCE:** the draft Council Regulation on the introduction of the euro is based on Article 109 1(4) of the Treaty and will not take legal effect until the start of the final stage of EMU. Its main objectives are: - to determine the time-frame for the completion of the changeover to the euro; - to substitute the euro for the national currencies with effect from 1 January 1999; - to establish legally enforceable equivalence between the euro and the national currency units during the period when euro banknotes and coins are not yet in circulation; - to ensure that, during this transitional period, private economic agents will be free to use the euro; but that at the same time they should not be obliged to do so; - to establish rules relating to the circulation and protection of banknotes and coins. The proposal also provides economic agents with increased certainty about: - the time-frame for the completion of the changeover; - the scope for the use of the euro during the transitional period in its own denomination and in the form of national currency units; - the exchange of banknotes and coins denominated in euro by national notes and coins at the end of the changeover process.