

CONSTITUTIONAL COURT RULING ON LIRA-EURO CONVERSION

In exercising its role as sole issuer, following the introduction of a new series of notes the Bank of Italy has the task of withdrawing from circulation the banknotes that are no longer legal tender. The old banknotes can be replaced with the new series up to the end of the limitation period.

With the introduction of the single currency, on 28 February 2002 the lira ceased to be legal tender. The law permitted citizens to exchange lire for euros for ten years after that date, i.e. until 28 February 2012. The value of the lira conversions subsequently made exceeded €63 billion.

Approximately three months before the end of the ten-year conversion horizon, the deadline was brought forward to 6 December 2011. The amendment was introduced in a regulatory provision, which stated that 'lira banknotes, notes and coins still in circulation shall lapse and be assigned to the Treasury with immediate effect and the equivalent countervalue credited to the sinking fund for the redemption of government securities' (Article 26 of Decree Law 201/2011, converted into Law 214/2011).

On implementing this provision, after 6 December 2011 the Bank of Italy was no longer able to complete the conversions requested and the equivalent value of outstanding lira banknotes (totalling around €1.2 billion) was credited to the State.

Italy's Constitutional Court has now declared this provision unlawful.

Immediately after being apprised of the Court's judgment, the necessary analyses were launched with the Ministry of Economy and Finance to define the procedures for its enforcement. The conversion requests will be examined as soon as this phase has been completed.

Rome, 6 November 2015