National Euro Changeover Plan for the Slovak Republic

Update April 2008
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Part I

General framework
A Introduction

In connection with the Slovak preparations for euro area entry the Government of the SR decided, in Resolution No. 862 of 8 September 2004, on the need to draw up a National Euro Changeover Plan for the SR. This document represents a plan of individual steps which need to be implemented for a trouble-free and successful introduction and use of the euro throughout the whole of the Slovak economy.

The National Euro Changeover Plan is a framework document which all entities in the Slovak economy can rely on. Basic principles, time schedule and institutional provision for the adoption of euro in Slovakia are defined in the introduction. The core of the Plan is the identification of tasks in individual sectors, including responsibilities, durations, control dates and completion dates.

The National Coordinator for Euro Changeover in Slovakia is the Ministry of Finance of the SR (MF SR), which together with Národná banka Slovenska submitted the National Euro Changeover Plan for Slovakia to the Slovak Government for discussion. The document was prepared in close cooperation with the Ministry of Economy and the Ministry of Justice. Based on the Resolution of the Government of the SR No. 34 of 12 January 2005, in the preparation of the Changeover Plan have been involved also the Ministry of Labour, Social Affairs and the Family, the Ministry of Interior, the Office of the Government, the Slovak Association of Banks, the Association of Towns and Municipalities of Slovakia, the Antimonopoly Office of the SR, the Statistical Office of the SR, the Financial Market Authority, the Slovak Chamber of Commerce and Industry, Slovak Radio, Slovak Television, the Slovak Commercial Inspection, the Social Insurance Company and other invited organizations.

The euro changeover is an extraordinarily demanding process from both the technical and organizational aspects. To proceed smoothly and without complication, it is important to inform and prepare all citizens, institutions and companies in Slovakia for the changeover.

1 Overview of steps made

The preparations for the euro changeover in Slovakia have begun even before the country's accession to the European Union. On 16 July 2003 the SR Government approved the Strategy for Adopting the Euro in the Slovak Republic, which was prepared up jointly by NBS and the Ministry of Finance of the SR. The Government and NBS, in their joint declaration, stated that the benefits of introducing euro in Slovakia clearly outweigh the disadvantages, and therefore Slovakia should enter the euro area as soon as possible – immediately after it will be able to meet in a sustainable manner the Maastricht Criteria, which are the conditions for euro area entry.

In the Resolution No. 862 of 8 September 2004 the Government of the SR approved a further common document of NBS and the Ministry of Finance of the SR, the Specification of the Strategy for Adopting the Euro in the SR and adopted a decision to draw up a National Euro Changeover Plan for the SR. The fulfilment of the Maastricht Criteria
is expected in 2007; therefore, the earliest possible date for the euro area entry will be 1 January 2009, which was also set as the target date in accordance with the Strategy for Adopting the Euro in the SR.

The Government appointed the Ministry of Finance of the SR as the National Coordinator for the process of introducing the euro in the SR. At the same time it entrusted the Minister of Finance of the SR and the NBS Governor with the negotiations with the bodies of the European Union regarding the entry into ERM II and on the setting of the central parity of the Slovak koruna against euro.

Prior to the euro changeover the SR is obliged to stay for at least two years in the exchange rate mechanism (ERM II). Following the agreement of the finance ministers of the euro area members, the President of the ECB and the finance ministers and central bank governors of Cyprus, Denmark, Estonia, Latvia, Lithuania, Malta, Slovenia and Slovakia of 25 November 2005, the Slovak koruna entered the ERM II on 28 November 2005. The central parity of the koruna to the euro was set at 1 euro = SKK 38.4550. At the request of Slovakia and following the agreement of the finance ministers of the euro area mem-
bers, the President of the ECB and the finance ministers and central bank governors of
Cyprus, Denmark, Estonia, Latvia, Lithuania, Malta and Slovakia, the central parity of the
Slovak koruna in ERM II was revalued with effect of 19 March 2007. The new central
parity of the Slovak koruna to the euro has been set at 1 euro = SKK 35.4424. Koruna
uses a standard fluctuation band of ±15% around the central parity in ERM II.

In 2004, NBS announced a public anonymous tender for the designs of the national sides
of the Slovak euro coins. NBS presented the best designs to the public in a nationwide
opinion poll. The three motifs with the highest number of votes were subsequently chosen
for the obverse side of the Slovak euro coins.

In order to increase consumer confidence, particularly during price conversion from
koruna to euro, the plenipotentiary of the Slovak Government in cooperation with the
Business Alliance of Slovakia created the Ethical Code for the Euro Introduction. The
signatories of the Ethical Code voluntarily undertake not to misuse the euro changeover
for unjustified price increases and they also assume further obligations that increase
transparency, provision of information to customers and the smoothness of cash exchange.
The Ethical Code is open to all shops and businesses, as well as to local authorities and
non-profit organisations.

The NBS Bank Board and the Government of the SR (Resolution of the Government of
the SR No. 892/2007 of 17 October 2007) have approved the „Communication Strategy
on the Euro Introduction in the Slovak Republic“, which precisely defines the objectives,
target groups, tools and the time table of the communication campaign. The Communication
Strategy is based on the National Euro Changeover Plan for the Slovak Republic,
but it is more detailed and more specific.

Based on documents of the Working Committee for Communication, the Ministry of Fi-
nance of the Slovak Republic carried out public procurement for performing most of the
information campaign and for creating a website concerning the introduction of the euro
in the Slovak Republic. The selected entities implemented the first activities focused on
the general public at the end of 2007, the website was launched at www.euromena.sk.

On the basis of the approved communication strategy and supplier selection for a substan-
tial part of the information campaign, the Ministry of Finance has asked the European
Commission to enter into an Agreement of Partnership. The Agreement was concluded
on 7 December 2007. Both parties undertake to coordinate and to mutually promote
the information and communication activities regarding the euro. The Commission will
participate in the financing of the individual projects within the information campaign
on the euro introduction in the Slovak Republic by means of grants and in compliance
with the approved Communication Strategy. The Commission will also carry out its own
communication activities, for instance exhibitions, seminars or distribution of publications,
in cooperation with the Ministry of Finance.

The Act No. 659/2007 on the introduction of the euro and on amendments to certain
acts (the umbrella law) was approved by the National Council of the Slovak Republic on
28 November 2007 with effect from 1 January 2008 with the exception of provisions that
will become valid on 1 January 2009.
B Euro changeover in the SR

1 Basic principles

The euro will be introduced on 1 January 2009, within a Big-Bang scenario. The euro will be introduced in Slovakia on 1 January 2009 simultaneously in cash and scriptural form without a transitional period, i.e. within a Big-Bang scenario. On this date, euro will become the legal tender in the Slovak Republic. Slovak euro coins will be valid in all euro area countries and also other euro area countries’ euro coins will be the legal tender in Slovakia. Banknotes are the same throughout the euro area. From 1 January 2009 scriptural payments will be exclusively in euro.

Euro will be used in cash circulation from 1 January 2009. Koruna will become only a euro denomination. For a short dual circulation period, until 16 January 2009, it will be possible to pay also with koruna banknotes and coins in the Slovak territory. The Slovak currency will be gradually withdrawn from circulation. By the end of the dual circulation, euro will be the sole legal tender in the Slovak Republic.

Conversion of koruna values to the euro on 1 January 2009 must be performed with the conversion rate, which will be irrevocably set by the Council of the EU. It will not be possible to use any other rate. The conversion rate will be set as a coefficient with six significant digits. It will express the equivalent of one euro in koruna (i.e. EUR 1 = SKK XX.XXXX). The conversion rate must not be rounded or shortened to less than 6 significant digits in making conversions. It is not permitted to use an inverse coefficient.

The euro introduction can not influence the continuity of contracts and other legal instruments. All contracts containing references to the Slovak koruna will remain valid after the euro changeover. Values in koruna will be regarded as values in euro, converted at the conversion rate. It will not be possible to terminate any contract due to the euro changeover. At the same time, however, the principle of the freedom of contract will be preserved; contracting parties may, by bilateral agreement, change their agreement following the euro changeover in any way. The euro changeover will not influence the nominal interest rate payable by the debtor in the case of instruments with a fixed interest rate.

Following the euro introduction on 1 January 2009 it will be necessary to regard references in legal instruments to the koruna as references to the euro, converted at the conversion rate. Financial amounts set in koruna which should be paid or entered into accounting in euro will be rounded to the nearest euro cent. Only the final value will be rounded, not partial items. No fees may be charged related to the conversion of koruna values to euro. In specific cases set by a law the rounding will be even more precise than to the nearest euro cent.

1 Provided that the Maastricht Criteria are fulfilled; for more detail see part B.3 in this Chapter.
2 Euro introduction can not result into an amendment to any condition of the legal instrument or releasing of a debt or performance subject to any legal instrument, nor will it provide a contracting party with the right to unilaterally change or terminate such an instrument.
The euro introduction must not harm citizens or consumers. Fees and taxes, if not precisely converted according to rounding rules, should be rounded down, payments to citizens should be rounded up. Values rounded in favour of citizens will be adjusted to whole 10 euro cents.

During the changeover all necessary steps will be taken so that the process is not abused to increase prices. The price developments will be monitored and rules for the conversion of prices and their showing will be enforced. Price stability must be maintained also in supplier-customer relations. While it is necessary to prevent inflationary effects of the euro changeover, it is also essential to prevent any unreasonable public inflationary perceptions.

Each business entity will be responsible for covering its individual costs arising from the euro changeover. This applies for both the private and the public sector. Euro changeover implementation costs should be as low as possible.

General government bodies and local authorities or other public bodies will be responsible for preparing the respective normative legal acts according to their competence. Each entity, including private sector businesses, will be responsible for its organizational preparation for the euro changeover, including the adaptation of information systems for which it is responsible or which it administers. Costs related to the euro changeover will not be compensated for from public funds.

2 Time table of euro changeover

<table>
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<th>Stage I – prior the entry into the ERM II</th>
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<th>Stage III – between the decision on SR’s acceptance into the euro area and the entry itself</th>
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<td>Till June 2010</td>
<td>Recommended dual display of prices</td>
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3 The Changeover Plan assumptions

Fulfillment of the Maastricht Criteria

Before entering the euro area Slovakia must, as any other state outside the euro area, fulfil four convergence criteria – the Maastricht Criteria.

1. Public finances: the general government deficit for the last year before assessment, based on ESA 95 methodology, may not exceed 3% of the GDP. Moreover, total public debt may not exceed 60% of GDP, or must be diminishing.

2. Inflation: average inflation for the last 12 months, measured by the Harmonized Index of Consumer Prices (HICP), may not exceed the average of three EU countries with the best performance in terms of price stability by more than 1.5 percentage points.

3. Long-term interest rate stability: average of market interest rates on long-term government or similar bonds may not exceed the average of the three EU countries with the best performance in terms of price stability by more than two percentage points.

4. Exchange rate stability: the Slovak koruna must participate in the exchange rate mechanism (ERM II) for two years prior to assessment. During this period the Slovak koruna may not be unilaterally devalued; the koruna may not deviate from the agreed fluctuation band; the koruna must remain close to central parity and no severe tensions may arise in the development of the exchange rate.

Decision of the Council of the EU by July 2008

It is also expected that the Council of the EU, the European Parliament, the European Commission and the European Central Bank (ECB) will act sufficiently quickly in 2008 in the procedure of Slovak entry into the euro area, so that the final decision will be known in June or July 2008.

Possibility to make preparations for minting coins

It is also assumed that Slovakia will be enabled to perform all preparatory steps for minting coins prior to the abrogation of the derogation, including the production of a small quantity of coins for testing and for the adjustment of equipment. Mass production will begin after the abrogation of the derogation.

Should some of these conditions not be fulfilled, it will not be possible to proceed according to this Plan and it will be necessary to adjust it.

Procedure of the European institutions in adopting a new euro area member

(annual Articles 121–123 of the Treaty establishing the European Community)

1. The ECB and the European Commission will prepare convergence reports which will assess the fulfilment of the Maastricht Criteria. The convergence reports will be prepared at the request of the country, or every two years.

2. The Commission will propose to the Council to abrogate the member state’s derogation and therefore to accept it as a euro area member.

3. The Council will consult the Commission proposal with the European Parliament.

4. The Council, in the composition of heads of states or governments, will discuss the Commission proposal. (A meeting of the Council in the composition of the European Council members)

5. The Council (probably in the ministers of finance composition) will decide by a qualified majority on the abrogation of the derogation (following approval of the Treaty establishing a Constitution the Council will be able to decide only on a recommendation of a qualified majority of euro area members – these countries will have six months to decide).

6. The Council, at the proposal of the Commission and after consultation with the ECB, will decide on the conversion rate (of the koruna to the euro). The Council will decide unanimously, composed of euro area members and the acceding state.
The Changeover Plan was updated twice in 2007 and once in 2008.

7. The Council will change certain Regulations concerning the euro (No. 1103/97 on certain provisions relating to the introduction of the euro and No. 974/98 on the introduction of the euro).

In the case of Greece (1) the ECB prepared the convergence report on 18 April 2000, the Commission prepared the convergence report on 3 May and (2) at the same time recommended to the Council that the derogation be abrogated, (3) the European Parliament voted on 18 May, (4) on 30 May the Commission submitted proposals regarding the conversion rate of the Greek drachma, (5, 6) on 19 June the Council decided to abrogate the derogation and set the conversion rate, (7) on 27 November, the Council amended the remaining regulations on the euro. Greece adopted the euro on 1 January 2001. In the case of Slovenia (1) the convergence reports of the ECB and Commission were published on 16 May 2006 and (2) the Commission recommended at the same time that the Council abrogate Slovenia’s derogation. (3) The European Parliament gave a positive opinion on 30 May, (4) on 28 June the Commission proposed that the Council sets the conversion rate at the level of the ERM II central parity, (5, 6) the Council abrogated the derogation and set the conversion rate on 11 July 2006. Slovenia introduced the euro on 1 January 2007.

In the case of Cyprus and Malta (1) the convergence reports of the ECB and the Commission were published on 16 May 2007 and (2) the Commission proposed an abrogation of the derogation by the Council. (3) The European Parliament gave its opinion on 20 June 2007, (4) on 27 June 2007 the Commission proposed that the Council sets the conversion rates, (5, 6), the Council abrogated the derogations and set the conversion rates on 10 July 2007. Cyprus and Malta introduced the euro on 1 January 2008.

4 Updating the Changeover Plan

Not all tasks in the process of the euro changeover can be identified or described in detail several years in advance. For this reason, it is expected that the Changeover Plan will be updated and submitted for discussion to the Government of the Slovak Republic at the following dates:

- 15 March 2007,
- 15 April 2008,

Updates to the Changeover Plan may also be made in the case that any of the assumptions in Part B.3 change significantly, or if a change is made to the euro area entry strategy. In such a case a new version of the Changeover Plan will be prepared based on a decision of the National Coordination Committee within three months of the change in conditions. It will also be possible to update the Changeover Plan at the discretion of the National Coordinator or the National Coordination Committee.

The updated version of the Changeover Plan will list the tasks already fulfilled; newly identified tasks will be included and the whole Plan will be refined in more detail according to the latest information.
C Institutional provision for the euro changeover in the SR

1 National Coordination Committee

The National Coordination Committee (NCC or Committee) is the supreme managing and coordination body preparing the euro changeover in Slovakia. The National Coordination Committee for the Euro Changeover in the Slovak Republic is the supreme body preparing the euro changeover in Slovakia.

The National Coordination Committee (NCC or Committee) is composed as follows:
- NCC chairman – the Minister of Finance, also as the National Coordinator for Euro Changeover in the SR,
- NCC deputy chairman – NBS Governor,
- Deputy Prime Minister for a Knowledge-Based Society, European Affairs, Human Rights and Minorities,
- Deputy Prime Minister and Minister of Justice,
- Deputy Prime Minister and Minister of Interior,
- Minister of the Economy,
- Minister of Labour, Social Affairs and the Family,
- President of the Slovak Banking Association,
- Chairman of the Slovak Chamber of Commerce and Industry,
- President of the National Union of Employers,
- President of the Federation of Employers’ Associations of the SR,
- Chairman of the Statistical Office of the SR,
- Chairman of the Association of Towns and Municipalities of Slovakia,
- President of the Union of Towns in Slovakia,
- Representative of Chairmen of self-governing regions,
- Representative of consumer protection associations and organizations (Slovak Commercial Inspection, other institutions as proposed by the Ministry of the Economy).

The NCC informs the Government and the National Council of the SR on the progress of preparations. The NCC coordinates and oversees the implementation of the National Euro Changeover Plan. It informs the Government of the SR via updates to the Changeover Plan. The NCC provides information to the National Council of the SR as necessary. The NCC at its own initiative may also submit special reports.

The NCC is authorized to give recommendations to the central government bodies that need to be implemented for the euro changeover in the SR. Similarly, it may give recommendations to other institutions. The NCC can recommend the fulfilment of tasks to other organizations.

For the coordination of the solution of possible crisis situations, the NCC established a Crisis Communication Team composed as follows: the minister of finance of the Slovak Republic, the governor of NBS, the plenipotentiary of the government of the Slovak Republic for the introduction of euro, the minister of interior, and the president of the Slovak Banking Association.
2 Plenipotentiary of the Government of the Slovak Republic for the introduction of euro

Following Slovakia’s entry to the ERM II exchange rate mechanism activities on fulfilling the tasks from the Changeover Plan have intensified. The existing institutions were found to be insufficient for ensuring adequate day-to-day coordination of tasks. In Resolution No. 85 of 31 January 2007, the Government of the SR approved a proposal for the appointment of a government plenipotentiary for euro introduction. The plenipotentiary is professionally engaged in the coordination of preparatory works for the euro changeover in the SR. His task is in particular to conduct regular meetings of the working committees’ heads, actively communicate with domestic and international institutions, coordinate and stimulate the changeover preparations, prepare progress reports for the NCC, warn against potential problems and raise a broad awareness of the euro changeover. The plenipotentiary can also give recommendations to improve modalities; however, the final responsibility and authority will remain with the authorized institutions. In performing his duties, the plenipotentiary proceeds in accordance with the strategic principles set by the national coordinator and the NCC.

3 Working committees

The working committees prepare expert opinions on individual issues concerning the transition of the Slovak economy to the euro. The National Coordinator in cooperation with the respective ministers, or the governor of NBS, has established the following working committees for the euro changeover:

- Working Committee for Banks and the Financial Sector (The Sub-committee for Banks and the Sub-committee for Insurance Companies were established within this Committee)
- Working Committee for General Government (The Sub-committee for Information Technology and Statistics was established within this Committee; the sub-committee covers information technology and statistics)
- Working Committee for the Non-financial Sector and Consumer Protection (The Sub-committee for the Non-financial Sector and the Sub-committee for Consumer Protection were established within this Committee)
- Working Committee for Legislation
- Working Committee for Communication (This Working Committee has created the Sub-committee for the Provision of Information to the Romany Community).

The heads and members of the working committees are appointed by the respective member of the NCC (a minister or the governor of NBS) based on nominations of the individual institutions.

The working committees are responsible in particular for:

- solving open issues in their professional field and submitting proposals to the NCC or National Coordinator,
- submitting quarterly partial reports on the implementation of the Changeover Plan to the NCC,
- specifying the solution of individual tasks set in the Changeover Plan and providing methodological guidance to individual government bodies and other institutions in the process of fulfilling them,
- coordinating the fulfilment of tasks which are mutually interdependent, or notifying the NCC so that mutually interrelated tasks falling within the competence of several working committees can be coordinated by the NCC itself.

Central government bodies provide the working committees with the necessary cooperation.
Individual working committees are composed as follows:

- Banks and the financial sector headed by NBS, members: Ministry of Finance of the SR, Slovak Banking Association, Slovak Association of Insurance Companies, Association of Pension Fund Management Companies, Association of Supplementary Pension Insurance Companies, Slovak Association of Asset Management Companies, Slovak Association of Securities Dealers, Slovenská pošta, a.s. (Slovak Post), the State Treasury;

- General government headed by the Ministry of Finance of the SR, members: Ministry of Labour, Social Affairs and the Family of the SR (MPSVaR), Ministry of Interior of the SR (MV SR), Association of Towns and Municipalities of Slovakia (ZMOS), Union of Towns an Cities of Slovakia, representatives of upper-tier territorial units, the Social Insurance Company, the State Treasury, Statistical Office of the Slovak Republic, State Material Reserves Administration, Ministry of the Economy of the Slovak Republic (MH SR), Ministry of Education of the Slovak Republic (MŠ SR), Ministry of Health of the Slovak Republic (MZ SR), Ministry of the Environment of the Slovak Republic (MŽP SR), Tax Directorate of the Slovak Republic, Customs Directorate of the Slovak Republic, Agency for Debt and Liquidity Management, Slovenská pošta, a.s. (Slovak Post)

- The non-financial sector and consumer protection headed by the Ministry of the Economy of the SR, members: Office of the Government of the Slovak Republic (ÚV SR), Ministry of the Environment of the Slovak Republic, Ministry of Health of the Slovak Republic, Ministry of Agriculture of the Slovak Republic (MP SR), State Veterinary and Food Administration (ŠVaPS SR), Slovak Chamber of Agriculture and Food (SPPK), Slovak Trader Association (SZZ), Federation of Employers´ Associations of the Slovak Republic (AZZZ SR), Ministry of Justice of the Slovak Republic (MS SR), NBS, Slovak Chamber of Commerce and Industry (SOPK), Antimonopoly Office, Slovak Commerce Inspection, consumer protection associations and organizations, National Union of Employers, Union of Towns and Cities of Slovakia;


The heads of the working committees or the NCC may expand the membership in individual committees as required. Where necessary, the head of a Working Committee may invite also experts from other organizations to the committee meetings. When necessary, working committees shall establish sub-committees focusing on a narrower group of issues.

4 Working groups in every organization

The National Coordinator recommends that self-governing regions, towns, municipalities, all businesses and organizations establish working groups for euro changeover. Their task is to prepare their organization for the safe and smooth transition to the euro for the organization’s internal needs. The most important fields include the adaptation of information systems, relations with employees, customers, citizens, suppliers, their bank, relations with the state (taxes and compliance with changes in legal rules) and communication activities.
The National Coordinator has recommended that in particular large businesses, organizations, self-governing regions and towns establish working committees for the euro by the end of 2005. They should have prepared their own (business-internal) plans, based on this Changeover Plan, and begin to implement them by the end of 2006. Smaller businesses and municipalities should have established their working committees by the end of 2007.

Each ministry and NBS have appointed coordinating persons who both internally and externally coordinate organizational and technical euro changeover issues and cooperate with the National Coordinator.

The ministries and NBS have appointed contact persons (operators) for communication with the public and with businesses.
D Summary of tasks in individual sectors

This chapter briefly describes the tasks of individual sectors of the economy and selected cross-sectional fields (communications, legislation and information systems). The tasks are described in detail in Part II of the Changeover Plan.

1 Banks and financial sector

The task of the financial sector, including NBS, will be to ensure the introduction of the euro into cash and non-cash circulation. In contrast to the first twelve euro area members, both these changes will be performed simultaneously. Some tasks will be simplified and several duplicities will be removed, nevertheless coordination and timely and thorough implementation of tasks will be more critical.

The provision of euro banknotes and coins and their exchange for the koruna cash in circulation will be of the highest importance. Euro banknotes and coins will be provided by NBS so that at the end of 2008 frontloading of banks may begin, and immediately afterwards also sub-frontloading of the retail sector, and from 1 January 2009 the exchange of cash for the public will start.

The citizens will have several channels to obtain euro banknotes and coins. They will be able to buy starter kits containing approximately 38 pieces of euro coins with all euro coin denominations in banks and subsidiaries of the Slovak Post before the €-day. The total value of the starting package will be 500 Slovak koruna. The citizens will be able to exchange koruna for euro free of charge in banks and in NBS or make cash withdrawals from their accounts during dual circulation. As from the €-day (1 January 2009), the ATMs will distribute only euro. The citizens will be able to pay also in koruna at shops, but the shops will give change only in euro during the dual circulation (until 16 January 2009), whereby citizens will also obtain some euro cash.

Similar means will be used for withdrawing Slovak koruna from circulation. After the end of the dual circulation period it will be possible to exchange koruna banknotes free of charge for euro at banks up until the end of 2009 and coins until the end of June 2009. NBS will exchange banknotes without time limits and coins for five years following the euro introduction.

Other tasks related to the introduction of cash euro include the security of increased volumes of cash in transport and storage and the education of cash handlers.

The euro will be introduced in scriptural form immediately on 1 January 2009. The domestic system of payments will be adjusted to using euro. At the €-day, Slovakia will connect to the European payment system TARGET2. NBS will implement these changes in cooperation with banks and other institutions connected to the payment systems (e.g.
the State Treasury). Smooth execution of all non-cash payments will require also changes to payment cards and electronic banking.

All accounts of bank customers, as well as credit products, letters of credit, collaterals and checks will be converted to euro. Recalculations will be made precisely according to the conversion rate and rounding rules, the customers will be informed of this in advance. Interest rates and other conditions will be preserved in accordance with the principle of the continuity in contracts. For this reason also continuity, or the replacement of market indices (replacement of reference rates BRIBOR and SKONIA by EURIBOR and EONIA, replacement of NBS base rate by the ECB key rate) will be provided for by law.

In the case of securities it will be necessary to convert to euro both their nominal and market values. Rounding rules more precise than to the closest euro cent will be specified for low-value securities. For example, values of pension units are at present determined with a precision to 4 decimal places; after the euro changeover this precision will be increased further, since one euro has a considerably higher value than one koruna. Market rates, indices, or performance indicators of investment funds will be converted to euro in order to retain continuity of reporting. Market values of securities will be very quickly determined directly by the market.

The switch to the euro will require transfer of some competences from Národná banka Slovenska to the European Central Bank. This will include mainly competences in the field of monetary policy, but also some powers in issuing legal tender. NBS will also have to comply with rules set by the ECB.

### 2 General government and local authorities

Bodies of central government and local authorities must prepare themselves for the euro changeover similarly to all other institutions. The longest and most demanding process will be the adjustment of financial information systems.

Besides ensuring capability to perform their own operations, the public institutions will also create rules for the private sector. Rules in accounting and reporting will change calculations of tax obligations; wages and salaries will be adjusted to euro. Social and health insurance benefits and contributions will also be converted.

Pursuant to Art 18 (10 a) of Act No. 659/2007 on the introduction of the euro and on the amendment to certain acts, the Ministry of Finance of the Slovak Republic issued a draft of the generally binding regulation „Decree setting the rules of reporting and recalculation of amounts of money in connection with the changeover from the Slovak currency to euro for accounting, tax and customs purposes“ and „Information in connection with the changeover from the Slovak currency to the euro for the purposes of taxes, fees, customs purposes and accounting purposes with recalculation examples“. The Ministry of Labour, Social Affairs and Family has prepared a draft of a generally binding legal regulation, a decree setting the procedures, ways and further detailed rules for the dual display and for recalculations and rounding of data during the euro changeover in the field of salaries, wages and other remuneration for work, the field of travelling compensations, the field of employment services, the field of social insurance and old age pension savings, social benefits, supplementary social benefits, financial distress benefits and other social security benefits, and in the field of social services.

The introduction of euro as the legal tender has an impact on a wide realm of the society life. Respective bodies of general government and local authorities must amend a large number of legal regulations. The Office of the Government of the SR and the Ministry of Justice of the SR, in cooperation with other ministries, other central government bodies and NBS prepared a Timetable of Legislative Steps for euro introduction in the Slovak
Consumer protection will be implemented pursuant to approved Act No. 659/2007 Coll. on the introduction of euro in the Slovak Republic and pursuant to the Decree of the Ministry of the Economy of the Slovak Republic on the details of dual display in the field of consumer protection, with effect from 27 March 2008.

Following conversion to euro, the prices in numerical terms will be entirely different from the prices in koruna. For some consumers it will be difficult to assess how good or bad the prices of specific goods and services are. The role of consumer protection is to prevent an abuse of consumers’ temporarily lower ability to compare prices.

The main instrument for increased consumer protection will be dual display of prices. The dual display of prices of goods and services will be implemented in compliance with approved Act No. 659/2007 Coll. and with the relevant decrees of the Ministry of the Economy of the Slovak Republic, the Ministry of Finance of the Slovak Republic and the Ministry of Labour, Social Affairs and Family of the Slovak Republic.

Final prices of all goods and services will be converted precisely according to the conversion rate and dually displayed in an appropriate manner in both koruna and euro. Dual display of prices will begin at the latest one month after the conversion rate is set by the Council of the EU, i.e. approximately 5-6 months before the euro changeover. This way the consumers can get accustomed to the levels of euro prices. Retailers will have to continue with dual display of prices till the end of 2009 and voluntarily for another six months.

Národná banka Slovenska has prepared a draft decree regulating the details of dual display for financial institutions.

In the case of other financial information which citizens receive, the procedure will be similar to the dual display of prices of goods and services. In terms of legislation, this field is regulated in the same way as the dual display of prices.

Values in bank account statements, payroll slips, pension and social benefits, accounts and invoices will all be given in both currencies.

The evolution of prices in 2008 and 2009 will be closely monitored. Consumers will be regularly informed of survey and control results. The Slovak Commercial Inspectorate will act in the cases of breaching the rules. Consumers will also be able to apply to the courts, resolve disputes out of court or make suggestions or complaints to the appropriate bodies.

4 The business sector

The business sector will have to make all necessary steps so that individual companies and businesses will be able to perform their activity also after the euro changeover. The tasks, mainly for the retail sector and providers of services, result also from consumer protection rules.
During the period of dual display of prices all retailers must be prepared to present final prices in both koruna and euro. In the period of dual circulation they must be prepared to accept payments in both koruna and euro, but give change in euro only.

All businesses must adapt to the new rules of accounting and reporting in euro. However, the needs of the businesses extend beyond the statutory obligations. It will be necessary to adapt all financial information systems, provide training and information to staff and customers.

The registered capital of businesses, business shares and equity will be converted to euro. In the process the sum of the values of the individual shares must, following recalculation and rounding, stay equal the converted registered capital.

5 Legislative requirements of the euro changeover

The euro will be introduced in Slovakia by a decision of the EU Council. Thereby the Council Regulations on the introduction of euro, on certain provisions concerning the introduction of the euro and on conversion rates will become effective in the Slovak Republic. It has been and still is necessary to harmonize the existing Slovak pieces of legislation with these regulations and with other legal acts of the European Community. Slovak laws must also regulate the fields not addressed by the Community laws.

The legislative needs of general nature are regulated by Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts (the umbrella law). This law regulates in particular the introduction of the euro in Slovakia, the conversion from koruna to euro, rules on the dual display of prices, controls and supervision. The act has been prepared by the Ministry of Finance of the SR and NBS.

Article I of the umbrella law defines provisions of general nature. In addition, the umbrella law contains further articles regulating other laws belonging to the first group of laws.

A narrower group of laws will have to be amended prior to the euro introduction date. These are laws which will be deeply affected by the euro changeover, or which are important for ensuring legal certainty and the smooth changeover. Harmonization of individual amendments will be coordinated by the Ministry of Finance and the Ministry of Justice.

A large group of other laws contains information in Slovak koruna or other provisions affected by the euro changeover. It will not be necessary, nor possible, to amend all these regulations prior to the date of euro introduction. Provisions of the umbrella law will relate to this group of laws. Regulations in the third group will be amended gradually after the changeover, when there will be also other reason for their amendment.

6 Information sources and communication

For the success of the euro changeover it is important that every entity is informed in time, correctly and sufficiently on all the implications of euro changeover for itself. The information campaign is of informative and educational nature. The main information campaign is targeted at the general public. Special attention is given to sensitive groups (the elderly, children, handicapped persons, persons living alone, minorities) and economically weaker regions of Slovakia.

Regarding the business sector, the information campaign will focus on small- and medium-sized enterprises. The existing network of consulting and information centres for
small and medium-sized enterprises will be used on this occasion. These activities are the responsibility of the Ministry of the Economy and of the National Agency for the Development of Small and Medium Enterprises.

Means of communication
Appropriate means of communication will be selected for each target group. In general these will include information in the media, including advertisement, universal information material delivered to each household, the website www.euromena.sk, various brochures, leaflets, posters, billboards, audio-visual materials, a toll-free telephone line (0800 103 104 from all networks in Slovakia), professional conferences, training, lectures and seminars.

Campaign schedule
The main part of the information campaign will take place in 2008. Some information activities will continue into 2009. However, information for businesses has been provided since 2005 in order to support their sufficiently advanced preparations for the euro changeover.

Campaign flexibility
The information campaign will react flexibly to current results of public opinion surveys and will be conducted so that target persons do not have to actively seek information on the euro changeover but so that appropriate communication channels reach them in time in their places of residence, households, schools, workplaces, etc.

7 Information and statistical systems

The euro changeover will affect all information systems working with financial information to any extent. To the greatest extent, it affects the systems of institutions with direct focus on financial activities (banks, funds, etc.) and systems working with statistical information. In most cases, the administrators or operators of information systems in general government organizations, banks and in the financial sector have performed an analysis with regard to adaptations of information systems during the euro changeover. During 2007, most business entities (particularly large and medium-sized businesses) started to work on changes of their information systems. Some organizations have already performed practical testing of the adaptations; the expected date of completion is the 31 May 2008.3

In some fields, above all in the case of simple or obsolete equipment (e.g. old cash registers), hardware changes and, if applicable, also a replacement of entire equipments is performed.

There are also fields, where it is necessary to ensure an official verification of the equipment as required by law, and in such cases it is necessary to set an adequate period for the changeover process.

The performance of a monitoring of the level of preparedness of information systems for the new currency has started in line with the euro changeover, and the monitoring will continue until the date of introduction of the new currency.

8 Recommendations of the National Coordinator

Part II of the National Euro Changeover Plan for the SR contains recommendations of the National Coordinator for individual target groups. The fulfilment of these recommendations will ensure a smooth and quick euro changeover in Slovakia. In most cases the fulfilment of these recommendations will give the persons addressed a competitive advantage or favourable reception by citizens (consumers and voters).

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3 The National Euro Changeover Plan originally set a deadline for the testing of information systems at 31 December 2007.
The National Coordinator addresses its recommendations to banks and financial institutions, local authorities’ bodies and central government bodies, citizens and businesses.

9 Inflation risks of monetary conversion

One of the most serious risks in the euro changeover is an increase in prices or the perception of citizens that the euro changeover has harmed them. In most countries which introduced euro in cash in 2002 (the EU 12) the consumers felt that prices increased excessively.

From the economic aspect the euro changeover is not a reason for an increase in the price level. This is confirmed by statistical data from the euro area countries. In the EU 12 the euro introduction price effects were estimated at 0.09 % to 0.28%, which was only a small part of overall inflation (2.5%). Nevertheless, consumers perceived substantially higher inflation. This was caused by a combination of adverse circumstances which consumers incorrectly connected with the euro introduction (poor harvest and increase in the price level for foodstuffs, increase in certain taxes) and with an increase in the prices of certain services (cafés and restaurants, accommodation and recreation services, etc.), in which the level of competition was low.

An Appendix proposes procedures to prevent such ungrounded increases in prices, as well as the public perception that prices have increased excessively.
Part II

Tasks for individual sectors of the economy
1 Cash changeover

1.1 Description of the most important tasks

1.1.1 Providing euro banknotes and euro coins

At the set date for introducing the new currency, the euro, it is necessary to provide for a sufficient quantity of euro banknotes and euro coins in the required structure both for circulation and for NBS supplies.

Ensuring the provision of euro will require:

Provision of euro banknotes:

Euro banknotes will be borrowed by NBS from the euro area supplies for the need of whole of frontloading and also for 2009. NBS would return the banknotes in 2010, possibly later, in accordance with the ECB Guideline on the production of euro banknotes for the respective year.

Provision of euro coins:
1. Selection of the national side of coins. On the basis of public opinion poll results NBS chose the motifs of the obverse sides of the Slovak euro coins in December 2005 (see part A.1 for details).
2. Ordering of the production of euro coins and entering into a contract with Mincovňa Kremnica, š.p.
3. Production of coins.

This is a challenging process both technically and in terms of time. The preparatory steps, including the test production of coin series and their testing, may be concluded prior to the decision of the EU Council on the abrogation of the derogation for the SR. On 12 July 2007, Národná banka Slovenska and Mincovňa Kremnica, š.p. entered into an Agreement on ensuring the preparation and test series of euro coins, based on which all preparatory work and approval procedures are performed. Following the decision of the EU Council on the acceptance of the SR into the euro area, mass-production of euro coins may begin.

In case that it will not be possible to ensure the production of a sufficient quantity of euro coins with the Slovak sides, NBS will purchase or borrow the necessary quantity of coins or a part of coins from one of the central banks of the euro area.

1.1.2 Frontloading of euro banknotes and euro coins to banks

Frontloading to banks, i.e. the physical distribution of banknotes and coins from the central bank to commercial banks, is a key prerequisite for a smooth functioning of the process of introducing the new currency into cash circulation.
NBS will allow banks to frontload with euro cash free of charge ahead of 1 January 2009. The frontloading will take place in a manner similar to that implemented in the euro area countries at the end of 2001.

Commercial banks will estimate their requirements for banknotes and coins of the individual denominations in advance as early as during the planning of the need for euro banknotes and euro coins in the SR.

By the end of May 2008, banks should send their requirements for starter kits and euro banknotes and coins in the individual denominations for the purpose of frontloading.

Based on a contract on frontloading entered into with NBS, banks could receive frontloaded supplies of euro coins from September 2008 and supplies of euro banknotes from November. Frontloaded cash must be secured by acceptable collateral (eligible securities or a term deposit). The settlement of the frontloaded currency will take place in 2009 in the form of a deferred debit, i.e. banks will repay the frontloaded currency in three identical instalments in January 2009, and at the same time, their collateral will be released.

The whole process of frontloading must be strictly performed according to the contract on frontloading, which banks will conclude with NBS. This contract will define all details of the frontloading process. The contract will, among other matters, stipulate that supplies of the euro currency distributed to banks as part of frontloading will remain the property of NBS until the €-day, and banks must guarantee that these banknotes and coins do not get into circulation prematurely. A bank not having a concluded contract with NBS will not be eligible to obtain any euro cash from NBS as part of frontloading (i.e. prior to 1 January 2009).

The cost of the transportation of cash will be borne by banks.

1.1.3 Sub-frontloading

Sub-frontloading represents the physical provision/delivery of euro cash to shops and some other businesses. The implementation of this task is connected to the successful frontloading of euro banknotes and euro coins to banks. Similarly to the case of frontloading to banks, sub-frontloading, too, must be performed strictly on a contractual basis. The sub-frontloading will be performed free of charge, i.e. without a fee. NBS, too, will provide banks with euro cash free of charge.

For a smooth and secure exchange of cash, the frontloading to retailers and certain other entities, e.g. post offices, will be of key importance. These businesses must be prepared to give cash back to their customers in euro as early as from 1 January 2009, for which they need sufficient supplies of euro coins and small denomination banknotes. The shops will be frontloaded via their banks. On the basis of their own analyses, or according to their customers’ requirements, the banks will determine how much and in what structure they will need euro cash for the sub-frontloading. After the frontloading of banks, sub-frontloading will take place in November to December 2008. Entities subject to such frontloading must be contractually bound not to put euro cash into circulation ahead of the €-day.

1.1.4 Starter kits

Frontloading to the population will be done by selling starter kits. The starter kit represents a standardized product, which will facilitate the process of exchange of Slovak currency for euro. The banks will order the starter kits from NBS without the possibility to return them. A starter kit will contain approximately 38 pieces of euro coins in all
denominations and the population will be able to buy it in the course of December 2008 in commercial banks or in branches of Slovenská pošta (Slovak Post) at a price of 500 SKK. Národná banka Slovenska will set a date, from which the banks and branches of Slovenská pošta will sell starter kits to the population. The client's obligation not to use euro coins from the starter kits prior to 1 January 2009 will be printed on the packaging of the starter kit.

1.1.5 Loading of ATMs with euro

At present, there are approximately 2000 ATMs in the SR (banks are installing approximately 200 new ATMs per year) and all of them are adjusted for Slovak koruna (the size of cassettes in the ATMs, accounting, screen settings, etc). Until 31 December 2008 ATMs must be able to issue koruna, and, as from 1 January 2009, ATMs must be able to issue euro only. At the turn of the year (until 31 December 2008) ATMs should contain the most frequently withdrawn Slovak koruna denominations and from 1 January 2009 euro denominations.

Due to the technological complexity of ATMs and to clearing processes, software will be adjusted so that banknotes are dispensed in koruna until the end of 2008 and from 1 January 2009 the dispensing of euro banknotes will begin.

The functioning of ATMs will be restricted due to the euro introduction at the turn of the years 2008 and 2009. This restriction has only technological reasons and it is necessary as a result of the adjustment of card systems to the new currency on the part of the banks and on the part of other companies ensuring the clearing and the conduct of payments for banks. The clients will be informed on the duration of the restriction on time. The aim is, for as largest number of ATMs as possible, to dispense euro banknotes as early as from the beginning of 2009. Banks will attempt to ensure the conversion of ATMs so that in individual municipalities and towns ATM services remain available. At the beginning, ATMs will be loaded with lower euro banknote denominations.

1.1.6 Setting POS terminals

A POS terminal is a payment terminal, which enables payments by debit or credit cards. Mostly they are the property of commercial banks. POS terminals are connected via a telecommunications network to an authorization centre. At present, all POS terminals are set to Slovak koruna and the software update of all POS terminals can gradually be performed remotely. As at 1 January 2009, it is possible to ensure clearing in euro by a change in setting in the authorization centre, regardless of the software setting on the POS terminal.

Besides POS terminals, payment cards may also be accepted by way of imprinters – mechanical devices for scanning and printing data from embossed payment cards. In this case, the adjustment to be made in changing over to the euro will be to exchange pre-printed receipt forms and distribute new manuals and guide books, which can be done in advance of 1 January 2009.

From 1 January 2009, liabilities towards traders not settled by the turn of the year will be settled in euro at the fixed conversion rate.

1.1.7 Withdrawing Slovak koruna from circulation
The process of withdrawing Slovak koruna from circulation will start as early as the last quarter of 2008, simultaneously with the frontloading of euro cash.

**Description of the process of withdrawing Slovak koruna from circulation:**
1. Dual circulation will last until 16 January 2009.
2. During the dual circulation and following its end, it will be possible to exchange:
   - banknotes at banks until the end of 2009 and coins until the end of June 2009,
   - banknotes and commemorative coins at NBS for an unlimited time, and coins other than commemorative coins until the end of 2013.
3. Following the end of the dual circulation, banks must exchange, for citizens, banknotes and coins free of charge; the limit for free exchange must not be lower than 100 banknotes and 100 coins during one exchange operation.\(^4\)

In exchanging koruna banknotes and coins for euro, the procedure will be in line with applicable legal regulations (mainly Act No. 659/2007 on the introduction of the euro in the Slovak Republic and on the amendment of certain acts, Act No. 483/2001 on banks and on the amendment of certain acts, and Act No. 367/2000 Coll. on the prevention of laundering of proceeds from criminal activity and on the amendment of certain acts).

1.1.8 Training of bank and other staff

The success of euro changeover will depend on how the banking sector as a whole manages the preparation and implementation of the adoption of the single currency. An important success factor is the engagement of bank staff at all levels of management. The following system of training is expected in the banking sector:

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<td>NBS</td>
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<td>2. Changes in the non-cash system of payments and SIPS conversion</td>
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<td>3. The functional and legal framework of the migration to the European system of payments “TARGET2” and related changes in the system of clearing of large-volume payments</td>
<td>NBS</td>
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<tr>
<td>4. Euro cash security features and cash handling – training of trainers in the banking and commercial network(^5). Special training will be organized for members of the Police Corps of the Slovak Republic</td>
<td>NBS in cooperation with the Slovak Banking Association (banking network) and Slovak Chamber of Industry and Commerce (trade network)</td>
</tr>
</tbody>
</table>

Supplementary form of education will be a conference on the conditions of euro changeover in the SR, which will be organized by NBS and the Slovak Banking Association (SBA).

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\(^4\) *According to Article 17c of the Act on NBS, NBS and banks must replace banknotes and coins declared invalid by valid banknotes and coins with the same sum of nominal values. This provision will apply accordingly to the exchange of koruna banknotes and coins for the euro after the end of dual circulation. The current practise, however, is that although banks exchange banknotes and coins formally free of charge, they charge a handling fee in some cases. It is proposed that banks and NBS do not charge, up to a set limit, fees for any activities associated with the exchange of koruna banknotes and coins for the euro.*

\(^5\) *In the second stage, trainers trained in this way will train bank staff (trainers nominated by the Slovak Banking Association) and cash-handlers (trainers nominated by the Slovak Chamber of Industry and Commerce).*
## National Euro Changeover Plan for the Slovak Republic

### 1.1.1 Providing euro banknotes and euro coins

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### 1.1.2 Frontloading euro banknotes and euro coins to banks

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<th>Task</th>
<th>Responsibility</th>
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<tr>
<td>Task</td>
<td>Responsibility</td>
<td>Link to other tasks</td>
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<tr>
<td>2. Transport of cash to ATMs</td>
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<td>1-year preparation, implementation in approx. 1 week</td>
<td>31 December 2008</td>
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<td><strong>1.1.5 Setting POS terminals</strong></td>
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<td><strong>1.1.6 Withdrawing Slovak koruna from circulation</strong></td>
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<td><strong>1.1.7 Training of bank and other staff</strong></td>
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</table>
2 Introducing the scriptural euro

2.1 Description of the most important tasks

2.1.1 Changes in the domestic interbank payment system SIPS (Slovak Interbank Payment System)

The SIPS payment system is the sole interbank payment system of the Slovak Republic, by means of which all non-cash payments in Slovak koruna are carried out. 31 banks and financial institutions are connected to the SIPS. The operator of the SIPS and the clearing agent for system participants is NBS. Following the euro changeover, low-value payments, where there is no need for immediate finality, will be processed in the SIPS system. The final and irrevocable settlement of the SIPS system processing results will be performed by means of the TARGET2 system, a single shared platform that will become the only real time gross settlement system (RTGS) in the Slovak Republic. The SIPS system will then become an ancillary system to the TARGET2. Updating the software for the SIPS payment system will be performed over the course of 2008. The time schedule relating to the processing and clearing of payments at the turn of the years 2008/2009 will be specified by Národná banka Slovenska during 2008.

Updating the SIPS system involves:

1. transformation of the SIPS system to a clearing system for processing low-value payments,
2. building a mechanism for the settlement of the processing results from the transformed SIPS system in the TARGET2 system,
3. implementing the rounding of the euro for the calculation of fees for services,
4. implementing the euro currency into the clearing sentence (SR national standard),
5. implementing the currency into the SIPS control mechanisms,
6. implementing the euro currency into SIPS statistics and reporting.

The dual display of prices for banking services and generation of dual statements for participants in the SIPS pursuant to Point 2.1.12 does not apply to the SIPS system update.

Transformation of the SIPS system will require amendments to contracts on the SIPS payment system.

2.1.2 Connection to the European system of payments TARGET2

TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is a euro payment clearing system operating in real time. The current TARGET uses the existing infrastructure of member states. Gradual migration of TARGET system members into the new system, TARGET2, is currently being carried out. TARGET2 enables a direct connection not only of central banks and financial institutions, but also of ancillary systems (e.g. retail payment systems or securities clearing systems). The TARGET2 system was launched on 19 November 2007. From 2005 to 2007, the project focused mainly on developing the system and its internal testing, as well as testing by users.
Coordination of the connection to the TARGET2 system in Slovakia will be ensured by NBS. In May 2004 NBS decided that the SR will connect to the TARGET system by the date of adopting the euro at the latest (the SR will be connected to the new version of this system, because that system version will be in operation at the time of Slovakia’s adoption of the euro). Since the time necessary for connecting to the TARGET2 system is approximately two years, preparations began following Slovakia’s entry into the ERM II.

A condition for connecting to TARGET2 system, applying to each participant (i.e. the central bank, financial institutions and affiliate systems) is that they must successfully pass tests verifying their technical and operational capability to participate in the system. NBS, in cooperation with the ECB, has drawn up a time schedule for testing activities, which will be carried out between May and December 2008.

Since the central bank will remain responsible for providing intraday credit, which must be secured by a collateral (securities), it will be necessary to perform an analysis of the register of short-term securities so as to ensure that the securities registered there fulfil the eligibility criteria set by the ECB.

2.1.3 Conversion of customer accounts and credit products, letters of credit, collaterals and checks at banks

The conversion to euro of customer accounts and credit products in Slovak koruna will be done precisely according to the set conversion rate. Banks will convert them automatically, on 1 January 2009, without any related charges to their customers. Banks will inform them of this operation in advance in an appropriate manner.

**Corresponding tasks:**
1. A guidance of the conversion process (coordination at the level of the Slovak Banking Association).
2. Steps to keep unchanged the numbers of customer koruna accounts following the conversion.

In the case of credit products, letters of credit and collaterals, it will be also necessary to solve:
- the conversion of adjusting entries,
- the conversion of insurance premiums,
- the conversion of received collaterals in koruna.

The euro introduction must not be a reason for changing credit conditions and for a revision of contracts; the principle of contract continuity must be complied with.

2.1.4 Changes related to payment cards

Payment cards (debit or credit cards) are cards issued, as a rule, by banks, or non-bank card companies, or, in certain cases, they may also be issued by other financial institutions. The changes to payment cards concern those issued with koruna accounts, which will have to be converted to euro at the fixed rate as at 1 January 2009. The payment card validity period may vary; at present, cards are mostly valid for two years. It will not be necessary to exchange the payment cards that will be valid over the turn of the years 2008/2009 (i.e. those issued approximately from January 2007 to December 2008). Chip card issuers will have to provide for a technologically correct setting of chip parameters during the changeover.

During the changeover, experience and recommendations of international card companies (VISA, MasterCard) or suppliers of chip applications and chip cards will be used, since
these companies had already undergone such a change when the euro area was created.

Members of the Payment Card Commission of the Slovak Banking Association will agree on common principles and rules for the euro changeover, so as to unify the approach of individual banks, primarily to the issue of payment card acceptance.

2.1.5 Conversion of nominal values of securities and registered capital

In consequence of the euro introduction, nominal values of all koruna denominated se-
curities will have to be converted as well. In the case of equity securities, the procedure will be in accordance with the rules described in Part 5.1.6, and debt securities will be converted using the conversion rate at 1 January 2009, with standard rounding to two
decimal places.

Some financial institutions having a specifically set minimum value of registered capital will constitute a special case. Following the conversion to the euro, these values will have to comply with relevant EU directives.

In next legislative amendments, a change to the Act on Securities will be made, with
effect from 1 January 2009, setting the minimum amount of registered capital to be held
by a securities broker to the level required by Directive 2006/49/EC. In the Act on Insu-
rance, a corresponding amendment will be made so as to adhere to relevant directives
in the field of life and non-life insurance. In the Act on Banks, a change will be made
so as to prescribe the minimum amount of capital to be in line with the amount set by
Directive 2006/48/EC.

Changes may also be made with regard to other financial institutions, the minimum capital requirements of which are not based on European directives (in the Stock
Exchange Act for a stock exchange, in the Act on Securities for the central securities
depository, in the Act on Old-Age Pension Savings for pension fund management
companies, in the Act on Supplementary Pension Savings for supplementary pension
fund management companies, and possibly for intermediaries in investment and in-
surance businesses).

2.1.6 Revaluation of securities and dual statements

Financial institutions managing customers’ assets, represented by the value of the secu-
rities managed, will, in connection with the euro introduction, revalue these securities and inform customers of the new value of their investment.

Where there are no common ways of publishing such performance information (e.g. fund management companies publish regularly the value of their shares/units and pension fund management companies the value of pension units), the financial institutions are required to inform customers of the new value of their assets within an appropriate period of time following the euro introduction.

Financial institutions will be obligated to send to their customers, at least once in the second half of 2008, information on the value of the investment, which will include the conversion of the investment amount to the euro at the conversion rate. In particular, they will have to determine, for securities that were agreed to be evaluated in koruna, their value in euro as at 1 January 2009, and to send this information to their customers in the first quarter of 2009.

NBS will specify precisely financial institutions and cases to which this obligation applies. Savings books are not considered to be securities to which these principles apply.
2.1.7  Rounding the value of pension units and collective investment units

The value of a customer’s investment in collective investment systems (compulsory systems: old-age pension savings; voluntary systems: collective investment and supplementary pension insurance) is expressed in units, which are valued on a regular basis. Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts set the obligation to convert the value of pension units to 6 decimal places. As a rule, these values range from SKK 1 to SKK 2, which will correspond to approximately 3 to 4 cents following the conversion at the conversion rate. In the case of such a sum, rounding to whole cents will mean, given the substantial change in the numerical value, a high relative error. This would cause significant imprecision and violate the rights of savers and unit holders.

In the Act on Collective Investment, an obligation will be laid down to calculate the current value of a unit (possibly with a restriction to cases where the value of the unit is lower than a set limit, e.g. EUR 5) with a precision of 6 decimal places.

The initial values of mutual fund units created before 2009 will be converted with the same precision.

The total value of client’s assets or investment will, by default, be rounded to whole cents.

2.1.8  Reporting historical performance in collective investment

Collective investment companies (in a broader meaning) normally inform about the historical performance of their products for a period of several months or years. Since in the past their portfolios could have contained assets in foreign currencies (in particular in euro), which at that time were valued at the then current exchange rate, doubts could arise as to whether the calculation base for historical performance should be the past value in koruna, which will be converted at the conversion rate, or whether these companies will have the option of calculating the past value in euro for assets denominated in euro.

To achieve continuity and comparability of the reported historical performance, the calculation base will be the past koruna value of the investment as it was set at the time and it will be expressed in euro using the conversion rate.

In this way the value of units and historical performance may be reported on a dual basis as early as 2008, when the conversion rate will be set.

2.1.9  Securities trading

For ensuring the continuation of trading in securities and other instruments on a regulated market, the stock exchange will change information on the nominal values of traded instruments in its systems, converting the prices to the euro and adjusting the value of a tick (the smallest unit, by which values on the stock exchange can change). The clearing and settlements system will also be technically adjusted.

Changes to systems will be made during the normal technological shutdown at the turn of 2008 and 2009 so that it is possible to continue trading on the regulated market.

2.1.10 Recalculating and replacing market indices

Euro introduction must not have any effect on the continuity of existing contracts. In no case will it be possible to terminate any contract by virtue of the changeover to the
common currency, whether through declaring the lapsing of the legal basis for concluding the contractual relation or the lapsing of other legal instruments, unless agreed otherwise by virtue of the freedom of contract. This principle of contractual continuity is set in (EC) Council Regulation No. 1103/97.

To achieve maximum benefits of the euro adoption, it is desirable to support a certain degree of harmonization of euro markets via a definition of common characteristics of euro money markets, applicable in all euro area countries.

For the cases of transactions and contracts linked to price bases, it is necessary to perform a transformation of the koruna price bases to euro price bases. The umbrella law specifies the rules on:
1. the expiry of the BRIBOR reference interest rate and its replacement by the EURIBOR rate,
2. the expiry of the BRIBID reference interest rate and its replacement by the EURIBID rate,
3. the expiry of the SKONIA reference interest rate and its replacement by the EONIA rate,
4. the expiry of the base/limit interest rate of NBS and its replacement by the MRO (main refinancing operation) rate of the ECB.

In connection with the harmonization of market conventions on the financial market and the move towards transparent commercial practices and towards limiting potential disputes, NBS will specify:
1. business days for the payment of cash flows (interest payments, principal instalment payments),
2. bases for conventions on the number of days (actual number/360).

2.1.11 Electronic banking


Electronic distribution channels

Within the electronic distribution channels, it is necessary to make software adjustments on the side of software suppliers, software users (banks’ customers) and operators (banks). In order to optimize costs, it is necessary to harmonize, or consult on technological adjustments between banks, electronic banking software suppliers and suppliers of accounting software for customers. At the latest at the beginning of 2008, it is necessary to begin addressing customers and notifying them of the coming changes.

Electronic money and electronic purses

An electronic purse is a chip card, which serves for the payment for goods and services and which can be charged in charging terminals. At present there are no institutions issuing electronic purses in Slovakia, so that it is not necessary to make any adjustments depending on the currency changeover. Should electronic purses be in between offered, we propose, at the introduction of this product, to use software that would fully support the immediate changeover from koruna to euro as at 31 December 2008.

Electronic signatures do not depend on the changeover from koruna to euro.
2.1.12 Dual display of prices and financial values

The dual display of prices in the financial sector will be in line with the general rules of the dual display of prices, described in Part 4.1.2. Financial market participants will display certain financial values in a dual way as well. Dual display will be provided as mandatory for customers who are natural persons, non-entrepreneurs. The dual display obligation will relate only to those products, investment instruments and services that are provided in the national currency – in the Slovak koruna prior to the euro introduction and in euro following the €-day. The minimum scope of dual display in the financial sector will be set by Národná banka Slovenska.

The issue of dual display in the financial sector will be solved by adjustments especially in:
1. account statements,
2. price lists for services,
3. ATM confirmation slips,
4. contractual documentation,
5. reminders and notices addressed to customers,
6. banks’ (general) business conditions.

Account statements must contain the conversion rate used for calculations of sums and also:
1. during the period prior to the euro introduction, account statements in Slovak koruna will include the initial and final account balances, fees, compensations and other prices (in accordance with the corresponding NBS decree) also in euro; it is, however, admissible to show other entries and balances in euro as well,
2. following the euro introduction, when accounts will be transferred over to euro, bank statements will show as a minimum requirement, initial and final account balances, fees, compensations and other prices (in accordance with the corresponding NBS decree) also in Slovak koruna.

In the case of products, for which statements are sent irregularly or with a periodicity longer than quarterly, the financial market entity must inform the customer in a dual form of the last known account balance (or expected value as at the €-day, when this can be determined) in the period from setting the conversion rate until 30 November 2008.

Price lists of services need to be issued in both currencies throughout the whole period of mandatory dual display of prices. Final sums to be paid stated in notices sent to customers and total sums in contractual documentation (e.g. the total value of a transaction, repayment instalments calendar, total amount of an insurance premium and insurance coverage for individual risks, final amount of insurance indemnity) will also be displayed in dual form.

In savings books, the final balance following the last account movement will be shown in dual form only if the customer submits the savings book to the bank during the dual display period.

Information given on internet pages, which are publicly accessible and which are, in another form, subject to the dual display obligation (e.g. price lists) must also be displayed in dual form.

In the case of dual display of account statements, the financial institution must either send an account statement displayed in a dual form to the customer, or it must display in a dual form the account statement in an electronic environment.

Likewise, it is not necessary to display outputs from POS terminals in shops in dual form, since this dual information is provided by the cash receipt. Treasury operations also will not be subject to dual display.
Decisions of financial institutions on their chosen approach to dual display will be reflected in their business conditions and they will inform customers of all changes in an appropriate form, for example instructions on the reverse of statements, information leaflets, etc.

There is also the option of adopting a recommendation at the level of financial institution associations on dual display beyond the statutory framework of obligations or for harmonizing procedures.

Detailed rules for the dual display of prices and financial values in the financial sector are published on NBS website (http://www.nbs.sk/EURINT/EURO/PRACVYB/DUALZOB.HTM).

The rules have been transposed to the draft NBS decree setting certain rules for dual display and further rules for the conversion of some prices, payments and other values for the area of the financial market and financial institution services in the field of banking, the capital market and pension savings. Some of the published rules had to be adjusted to harmonize them with the approved umbrella law on euro introduction.

2.1.13 Amendment to the Act on NBS

The amendment of the Act on NBS is part of Section II of the approved act on the introduction of euro on the Slovak Republic and on the amendment of certain acts No. 629/2007 Coll. of 28 November 2007.

It is necessary to amend the Act on NBS in order to comply with the institutional conditions for Slovakia’s entry to the euro area. Compliance of the Act on NBS with the Treaty establishing the European Community and the Statute of the ECB will be assessed in the Convergence Report in the same manner as the fulfilment of the Maastricht Criteria. Without a positive evaluation of the legal framework for joining the euro area by Slovakia, which is mainly formed by the Act on NBS, the ECB and the European Commission will not recommend the abrogation of the derogation for Slovakia.

Besides the fact that an amendment to the Act on NBS is essential for favourable convergence reports, it is also necessary for ensuring the smooth transfer of monetary policy to the ECB and the transfer of further competences.

The amendment to the Act on NBS refers mainly to NBS integration into the ECB:
- subordination to legal acts of the ECB,
- transfer of the performance of monetary policy to the ECB in accordance with the Statute of the ECB (Articles 2, 4, 6 and 18 of the Act),
- change in the performance of foreign exchange operations and foreign exchange policy or the administration of foreign exchange reserves (Article 28),
- the right to issue banknotes and coins (Articles 2, 6 and 15 to 17h of the Act),
- definition of the currency unit (the euro),
- functions, operations and instruments of the European System of Central Banks (Articles 18, 20, 21, 23, 24 and 27).

The amendment to the Act on NBS must be valid at the latest at the time of assessing convergence, i.e. in spring 2008. The effect of the parts transferring competences to the ECB will be conditional on abrogation of the derogation becoming effective and Slovakia’s accession to the euro area.

Changes to further acts will be prepared in accordance with the plan set out in Chapter 6.
## 2.2 List of tasks

Tasks for banks affect in an appropriate scope also the State Treasury

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3 Euro introduction in general government and local authorities

3.1 Description of the most important tasks

3.1.1 Conversion of financial information systems

This concerns primarily the identification of the need for the technical conversion of financial information systems at general government bodies for all fields of general government defined by the Act on Budgetary Rules of General Government, specifically:
1. central administration,
2. local authority administration,
3. social and health insurance funds.

Individual institutions must ensure the transition of their accounting and other financial systems to the conditions for functioning in euro. The Ministry of Finance as the authority that ensures the creation and implementation of budgetary policy will ensure the preparation of the public administration budget for the years 2009 to 2011 in such a way that the budget be automatically recalculated to euro at the time of declaration of the conversion rate. Special attention must be paid to the operation of the State Treasury system in the process of realizing the budget in euro and the system used at the Agency for Debt and Liquidity Management (ARDAL). The Ministry of Finance will publish a description of the interface for the import and export of files of the State Treasury information system in sufficient advance, not later than at the time of publishing the conversion rate.

3.1.2 Accounting, reporting, taxes, wages

The financial statements for 2008 will be drawn up in the Slovak koruna. The conversion of assets and liabilities from the Slovak koruna to the euro will take place as at 1 January 2009 in a way set by a generally binding piece of legislation. In the financial statements for 2009, the compared data for 2008, expressed in the Slovak koruna, will be converted to euro at the conversion rate.

In 2008 the accounting will be carried on in the Slovak koruna, the non-taxable amount from the tax base, tax allowance etc. will be also set in the Slovak koruna. The personal and corporate income tax returns for 2008, which will be filed in 2009, will be filed in the Slovak koruna. The resulting outstanding payments or refunds will be converted to euro at the conversion rate and the taxpayer or tax authorities will be obliged to pay it in euro.

The conversion of tariff salaries and further parts of the service income at the conversion rate for policemen will be provided for by an amendment to Act No. 73/1998 Coll. on the civil service of members of the Police Corps, the Slovak Intelligence Service, the Prison and Judicial Guard Corps of the Slovak Republic and the Railway police, as
amended, which will be ensured by the Ministry of the Interior of the Slovak Republic (MV SR), in line with laws falling into group II. Similarly, the conversion of tariff salaries and wages within the Labour Code, Act No. 552/2003 Coll. on the remuneration of employees in public interest and the new Civil Service Act should be ensured by the Ministry of labour, social affairs and family of the Slovak Republic, in line with laws falling into group II, pursuant to the Resolution of the Slovak government No. 1040 of 21 December 2005.

Procedure in the field of taxes, fees, benefits, pensions and other payments between citizens and the state will also be conducted pursuant to the principle of not harming. In cases where the beneficiary of these payments is the citizen, values rounded off in favour of the citizen will be rounded up to whole 10 euro cents. In payments where the beneficiary is the state, on the other hand, the sum will be rounded down to the next euro cent.

3.1.3 The legislative aspect of the euro introduction in general government

From the variety of institutions of general government it is clear that this field is very broad. Introduction of the euro as a legal tender will affect the scope of competence of an extraordinarily wide range of institutions and offices. These perform their activities on the basis of legislative regulations which must be prepared and set for using the euro. In the process of adapting legal regulations, a key role is played by the respective government departments and it is in their competence, based on general instructions according to Chapter 8, to prepare appropriate conditions for adopting the euro.

Legislative changes from the aspect of general government will concern in particular the social field and the general government budget.

3.2 List of tasks

Based on the above principles and recommendations, it is necessary for individual general government bodies to perform specific steps for ensuring the conditions for euro changeover in general government. In the classification according to Act No. 575/2001 Coll. on the organization of government activities and the organization of central government, as amended, individual general government bodies will perform the following steps:

3.2.1 Ministries and other central government bodies

In the legislative field

- the financial statements for 2008 will be drawn up in Slovak koruna. The conversion of assets and liabilities from the Slovak koruna to euro will take place on 1 January 2009 in a way set by a generally binding legal regulation. Comparable data for 2008 expressed in Slovak koruna will be converted to euro at the conversion rate in the financial statements for 2009,
- in the field of their competence, they will ensure the conversion of forms and valuables by September 2008,
- they will submit, in accordance with their schedule, draft acts within group II to the Government of the Slovak Republic and the Legislative Council of the Government of the Slovak Republic, by 30 June 2008 at the latest,
- based on the prepared schedule, they will, in accordance with procedures set in Chapter 8, ensure the necessary amendment to legal regulations so that the legal system in the SR is prepared for the introduction of the euro as the legal tender on 1 January 2009.
In the field of information systems

- in the period ending 15 November 2005, they conducted a review of existing financial information systems in their competence requiring adjustment for the euro adoption,
- following this revision, they drew up a plan for the conversion and adjustment of financial information systems, including the steps necessary for ensuring the conversion of financial data contained in information systems, and possibly the adaptation of the information systems functioning,
- based on the plan for the conversion and adjustment of financial information systems, the conversion of financial information systems will be finished by 31 May 2008, in accordance with recommendations for dual display under Chapter 8,
- the testing phase will last until 31 August 2008. During this phase, information systems will be tuned up and shortcomings detected during testing will be resolved,
- the ministries and central government bodies and local authorities will notify the Working committee for general government that the testing of information systems in the competence of governmental departments be finished as at 31 August 2008,
- the launch of information systems prepared for the conditions of euro as the legal tender as from 1 January 2009,
- based on the plan for the conversion and adjustment of financial information systems, they will perform the actual conversion and adjustments of financial information systems for dual display until 30 June 2008 in accordance with recommendations under chapter 8, and will carry out adjustments to financial information systems necessary for the introduction of the euro until 31 December 2008.

Ministries and other central government bodies, which are shareholders or founders of legal persons, will oversee within their competence that these companies are prepared for the new conditions ensuing from the euro changeover.

3.2.2 Local authority bodies

In the legislative field

- in the period ending 15 November 2005, they conducted a review of existing legal regulations and internal regulations in their competence with the aim of identifying the ones needing amendment for the euro adoption in the SR,
- based on this review, they will, in accordance with schedules prepared by ministries and other central government bodies, ensure the necessary amendment to legal regulations so that they are effective by the day of the euro introduction, i.e. on 1 January 2009.

In the field of information systems

- in the period ending 15 November 2005 they conducted a review of existing financial information systems in their competence requiring adjustment for the euro adoption,
- following this revision, they drew up a plan for the conversion and adjustment of financial information systems including the steps necessary for ensuring the conversion of financial data contained in information systems, and possibly the adaptation of the information systems functioning,
- based on the plan for the conversion and adjustment of financial information systems, the conversion of financial information systems will be finished by 31 May 2008 in accordance with the recommendations from Chapter 8 for dual display,
- the testing phase will last until 31 August 2008. During this phase, information systems will be tuned up and shortcomings detected during testing will be resolved,
- the launch of information systems prepared for the conditions of euro as the legal tender as from 1 January 2009.

3.2.3 Social insurance company and the health insurance companies

- in the period ending 15 November 2005, they conducted a review of existing financial information systems in their competence requiring adjustment for the euro adoption,
• following this review they drew up a plan for the conversion and adjustment of financial information systems including the steps necessary for ensuring the conversion of financial data contained in information systems and possibly the adaptation of the information systems functioning,
• based on the plan for the conversion and adjustment of financial information systems by 31 May 2008 they will, in accordance with the recommendations from Chapter 8, carry out the conversion of the financial information systems,
• the testing phase will last until 31 August 2008. During this phase, information systems will be tuned up and shortcomings detected during testing will be resolved,
• the launch of information systems prepared for the conditions of euro as the legal tender as from 1 January 2009.

3.2.4 All general government bodies

• will ensure in their competence the conversion of forms, stamps and vouchers used by all offices and institutions in general government (tax authorities, customs authorities, printed forms of local authority offices, etc.).
The responsible bodies in the field of general government, as defined by the Act on General Government Rules No. 523/2004 Coll., are as follows:
1. central government: responsible Ministry of Finance + the respective ministry
2. local authorities: Ministry of the Interior
3. Social Insurance Company and health insurance companies: the respective institution
4. businesses (partially) owned by the state: responsible Ministry of the Economy + the respective ministry
• regarding any other printed forms, in which financial values are stated, instruments used in post payments (the respective ministry), they will ensure the withdrawal of previously issued printed forms, forms and, in particular, tokens of value from circulation.

Individual bodies of the general government sector will cover the costs connected with the euro changeover within the expenditure limits of their budget for the respective budgetary year. In 2008, expenditures for the euro changeover will be covered within the expenditure limits of the approved general government budget 2008 – 2010.
4 Consumer protection during the euro changeover and its impact on citizens

4.1 Description of the most important tasks

4.1.1 Protecting the consumer against unjustified price consequences of the currency changeover, including rules on the conversion of prices to euro and dual display of prices

With the aim of facilitating and simplifying the euro changeover for citizens, as well as for protecting consumers against unjustified price consequences of the conversion of prices to the euro, the Ministry of the Economy of the SR prepared a “White Paper on Consumer Protection in the Euro Changeover Process in the SR”. This paper is based on the basic principles of euro changeover in the SR and will formulate the instruments for ensuring citizen/consumer protection in the euro changeover, including proposals for legislative amendments.

In preparing the white paper experiences of other Member States were used and consumer associations were involved in its preparation so that requests and suggestions of the consumer public are taken into account. In accordance with the scenario of the simultaneous euro introduction in cash and scriptural payments, without a transition period, it is essential to set clear rules in the conversion process for ensuring sufficient consumer protection. Trust and safety among citizens will be strengthened via a legal framework. An extraordinarily sensitive point is also the preparation of citizens for this significant event.

4.1.2 Dual display of prices

Dual display of prices means that financial values are stated both in koruna and in euro, or that financial amounts are in parallel reported in both currencies. Dual display of prices forms one of the pillars building safety among citizens. For vendors (in both the retail and wholesale sector) and service providers dual pricing will be conductive to their own preparation for the new currency and it will also facilitate the adaptation to the new situation for citizens. Practical aspects of dual display of prices will be explained to citizens within the information campaign. For a proper implementation of the system the following legal rules will be set:

- the obligation of dual display of prices and the duration of this obligation

  Dual display of prices will be introduced as compulsory within 1 month following the date of the setting of the conversion rate. This obligation will last 12 months following the euro introduction. Dual display of prices will be required in all cases, where a financial amount, price or value in the domestic currency is stated for the citizen. It will relate to all final prices of goods and services, values of financial amounts on accounts, invoices, banking

  [6 Following the end of the compulsory dual display of prices, entrepreneurs will be advised to continue on a voluntary basis in this system for the further 6 months.]

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services, budgeted expenses, consumer loans, miscellaneous payments, wages, social ben-
fits, citizens’ account statements, etc. Likewise it will also concern all cases where goods,
price offers, catalogues, advertisements, offered services, etc. are displayed. The obligation
for the dual display of prices will apply to both legal and natural persons.

Closely related to the dual display of prices is dual marking, which represents the provision
of information to the citizen, where the manner of dual display of prices in individual
specific cases will be different, depending on the type of good or service provided. In
the case of the dual display of prices, the data in euro will be merely informative until
1 January 2009. This requirement results from the need to prepare citizens/consumers
for the gradual re-orientation in prices, so as they will be able to compare prices in euro.
Following the euro introduction, display in Slovak koruna will be merely of an informative
nature. The reason for this is faster and more effective control of any possible unjustified
price increases. Commencement and termination of compulsory dual display of prices
will be done at a single date for all cases of its application.

• manner of dual display of prices
The manner of dual display of prices in individual cases will be chosen so that from the
dual display of data it can be clearly discerned which data is merely informative and
in which currency payment is expected. The aim is to provide citizens with transparent
information so that they are not confused by a large quantity of data provided, or are
not misled as to the price or payment, but also so that citizens can easily visually detect
the information. (For example price tags on shelves will show both currencies. Prior to
the euro introduction, the final price in koruna will be emphasized, and beside it the in-
formative final price in euro. Following the euro introduction, the opposite will apply.)

It is important that the dual display of prices requirement does not involve significant
costs in the business sector and that it meets expectations on the side of the citizen. It
is therefore necessary to design simplified common formats, patterns and guidance for
individual entities in stating dual price data. In the law all manners of the dual display
of prices will be stated explicitly, including those subject to special rules.

• special rules for dual display of prices for features specific to a sector or profession
With regard to the variety of economic activities and also based on the practical pos-
sibilities for dual display of prices, special rules apply in some cases. This concerns in
particular the sales of certain types of goods (books), sales with attendance (petrol sta-
tions) or certain services (taxi services, travel agency services and the catering industry,
etc.), professional services (doctor’s appointment fee, notary fees, etc.), post stamps, duty
stamps, sales via a catalogue system, vending machines, pubs, electronic cash registers,
account statements, documents in the payment system, travel tickets, fees, etc. These
cases are specified in Act No. 659/2007 Coll. and in a decree of the MH SR, including
a designation of the manner for the dual display of prices (for example that information
on the transfer of money must be displayed at places clearly visible for customers, or
conversion tables with dual prices be displayed – e.g. the petrol price per litre in euro,
or the conversion of one currency to the other is clearly displayed at cash registers – or
data on the conversion is stated directly on documents). In accordance with the provi-
sions of the decree of the MH SR, electronic registers must give dual pricing of the final
sum, though vendors may also voluntarily use dual prices for individual items.

• conversion of prices
The provisions of Act No. 659/2007 Coll. ensure that in calculating individual price data
according to the conversion rate, businesses are given the possibility to voluntarily round
data in favour of the citizen.

• monitoring of price development and control activities
Monitoring of the development of prices and control activity is aimed at limiting in par-
ticular at the start of the euro introduction the price increases for goods and services
due to the currency changeover.
The corresponding provisions of Act No. 659/2007 Coll. lay down the competences for performing the monitoring of the price development, for examining the composition of the price at business entities; consumers can file proposals, whether a price has increased due to the currency changeover and whether fair economic competition has been retained, as well as to specify competences for quick remedy, including the possibility of sanctions and the adoption of measures. The aim is to ensure, during dual display of prices, the arrangement of a remedy, if it is found that the situation cannot be corrected by market measures (e.g. introduction of an economically appropriate price). To ensure monitoring and control, the act lays down obligations for businesses and professional organizations to provide the relevant information.

Consumer protection requirements are a component of Act No. 659/2007 Coll. The act has been effective since 1 January 2008, so that the business sector has sufficient time for preparation.

Control obligations together with sanctions and monitoring aimed at the development of prices in relation to the euro changeover are similarly treated by the said act; therefore it will not be necessary to amend other laws (e.g. Act No. 128/2002 Coll. on state control of the internal market in consumer protection matters).

Based on the competences given in the said act, an appropriate supervisory body will prepare methodological instructions for performing control checks and training regional inspectors.

In the period from 1 October 2007, the ZMOS, in cooperation with the MH SR, MV SR and MF SR, has been organizing training on the dual display of prices and on the conditions of euro introduction from the aspect of consumer protection for local authorities, the organizing of which also continues during 2008. The aim will be to ensure effective control in the case of sales at market places and in the provision of local services. The Ministry of the Economy of the SR is organizing trainings for consumer associations and, in cooperation with the Ministry of Justice of the SR, also trainings for mediators.

- **dual circulation**

Following the euro introduction on 1 January 2009 it will remain possible for a short period of dual circulation to pay at shops with koruna banknotes and coins. During this period vendors and service providers will have to accept payments in both currencies, though the Slovak koruna will be withdrawn and change given back only in euro. Legislative treatment for this period is necessary so that shops do not become exchange offices. This issue has been specified and solved in Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts in Art. 4 (4).

### 4.1.3 Bills and invoices

A decree of the MF SR treats equally the currency display with regard to bills and invoices for consumers (e.g. electricity, water, gas, rent, etc.), components of income, as well as to consumer loans. A uniform system will provide the consumer with information in the dual display regime both on expenditures and incomes, with the same date of the start and end of the period of providing dual information. In the context of dual display it will be important to focus the information campaign so that it is not concentrated solely on the expenditure field, but also on the income side, for the reason of a re-orientation in thinking in euro both in the income part as well as in the expenditure. Therefore, the same requirements for the dual display of prices are placed also on citizens’ income component (such as employees’ pay slips, pension payments, social benefits, bank statements, etc.).

### 4.1.4 Dispute resolution

Based on the results of surveillance bodies, the price development monitoring, as well as complaints and proposals by citizens, the MH SR, by means of the created Working
Committee for the Non-financial Sector and consumer protection, will oversee consumer protection in terms of compliance with the respective provisions of Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts. Furthermore, within cooperation with the competent bodies under Art. 19 to 22 of the said Act, the Committee will supervise the fulfilment of rules and duties set during the preparations for the changeover and during the changeover to the euro, prepare for the minister and the National Coordination Committee proposals of necessary implementing measures to achieve the aims of the act associated with the preservation of a stable price development. It will draw up recommendations with the aim of removing misunderstandings indicated by the complaints of citizens. To fulfil concrete tasks, the Committee will continue to invite competent representatives or experts. The Committee will not examine disputes connected with the euro changeover. The complaints of citizens will be received and recorded at an independently established workplace and advisory services and information will be provided to citizens from the aspect of consumer protection. Information will be provided free of charge. Procedures will be in accordance with given competences regarding the issues covered by the umbrella law.

A citizen will be able to resolve individual disputes in the euro introduction out of court in accordance with applicable legislation primarily pursuant to Act No. 420/2004 Coll. on mediations and Act No. 244/2004 Coll. on arbitration proceedings. Besides this, the citizen may also resolve a dispute via the courts. Consumer associations pursuant to Act No. 634/1992 Coll. on consumer protection may mediate dispute resolution in the case of claims and official complaints.

4.1.5 Control

The act will govern control responsibilities of individual supervisory bodies performing oversight over compliance with dual display of prices, information obligations and requirements for the euro changeover, including penalties and sanctions. Control and monitoring of price development, publication of the price level in the period from the start of 2008 to the end of compulsory dual display of prices will also be covered by the law. According to technical possibilities monitoring of the price development will be performed using a limited basket of consumer goods (most frequently purchased consumer goods) in cooperation with the Statistical Office of the SR and NBS, and the results will be published on a regular basis. Details will be set in the respective law. Civil and consumer associations will be engaged in the process of monitoring prices and price development on a voluntary basis.

Methodological handbooks for inspectors and a methodological instruction for the performance of checks are currently being finalized. Staff responsible for preparing handbooks and control plans (methodology officers) of individual control bodies must be trained by the law authors at least 9 months prior to the euro introduction. Control bodies defined by the umbrella law will set up, shortly before the start of compulsory dual display of prices, a telephone line and e-mail address to which citizens can post all complaints about breaching of their rights during the euro changeover. Control bodies will state on their website telephone numbers and the e-mail address of other control bodies so that the consumer knows which body to turn to with their complaint, suggestion, etc. The affected control bodies will submit reports on the results of their control in the second half of 2009 to the Working Committee for the Non-Financial Sector and Consumer Protection. A joint report will be submitted to the Government by the Ministry of the Economy of the SR, prepared by the Working Committee. Following discussion in Government the information will be made accessible to the public both on a website and in mass media. During the period of compulsory dual display of prices information on control results will also be regularly brought to the attention of all parties involved, which should encourage compliance with requirements imposed by the law so that these parties do not suffer harm from negative publicity upon the publication of results.
4.2 Procedure in protecting consumers and citizens during the euro changeover

1. Provision of relevant information to consumers

- **2008:**
  ensuring information boards are displayed in shops, market places, at service providers, post offices, banks, information places in local authority buildings, clinics, pharmacists.

- **2007–2008:**
  ongoing training and provision of current information for consumer associations, local authorities on requirements for the dual display of prices and the conditions of the euro introduction (sales at market places and local services).

- **by 31 December 2008:**
  training for inspectors and information providers for the out-of-court resolution of disputes concerning the protection of consumer rights with regard to the euro introduction.

- **2008–2009:**
  publication of the results of controls of compliance with rules for the euro introduction, price monitoring – results of monitoring prices will be published regularly in the press and on websites.

2. Protecting consumers economic interests in the euro changeover process

From the aspect of protecting consumers’ economic interests it is necessary to focus on:

- commercial services and all forms of sales,
- financial services,
- other services (telecommunications, internet, distance sales, personal and craft services...),
- wages, pensions, social benefits,
- services in the public interest (transport, heat, electricity, water, sewerage),
- medicines, health care,
- compliance with the conversion principles for the dual display of prices and rounding.

3. Checking compliance of consumer protection requirements in the euro changeover

- The Working Committee for the Non-financial Sector and Consumer Protection will oversee compliance with consumer protection requirements and propose remedy measures.
- Control activity will be performed in accordance with competences governed by the umbrella law (control duties of individual supervisory bodies to perform supervision over compliance with required marking, information obligations, dual display of prices and requirements for euro introduction, including fines and sanctions).
- E-mail addresses and telephone lines will be set up at control bodies for consumers to notify breaches of their rights.
- A report on the result of controls and measures taken will be submitted to the Government of the SR.

4. Dispute resolution

- Via out-of-court settlement.
- Mediators pursuant to Act No. 420/2004 Coll. on mediations by persons trained for this activity.
- Via the courts.
- Consumer associations pursuant to Act No. 250/2007 Coll. on consumer protection may mediate the resolution of disputes.
### 4.3 List of tasks

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<td>August 2008</td>
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5 Euro changeover in the business sector

5.1 Description of the most important tasks

5.1.1 Prices of goods and services and dual circulation

Euro changeover will make it necessary to convert, from koruna to euro, retail prices of all goods and final prices of services in the Slovak market within one month after the conversion rate is set. After the euro introduction it will be necessary to convert final prices from euro to Slovak koruna during the period of mandatory dual display of prices. Vendors and service providers must be prepared for mandatory dual display of prices. From 1 January 2009 they must, in the framework of dual circulation, be prepared to accept Slovak koruna and to give back change in euro.

Business entities in trade and services are advised to gradually prepare for fulfilling these obligations. Transition to the euro should be supported by distribution of conversion calculators and professional assistance in fulfilling legal obligations resulting from the euro introduction.

5.1.2 Dual display of prices

The system described in Part 4.1.2 is relevant for the business sector as well for consumer protection.

To ensure a proper functioning of the system, it will be desirable to prepare technical equipment able to fulfil the obligations in the business sector. It will be necessary to provide the software for electronic cash registers for the conversion of prices and totals and rounding, and for printing a receipt to the consumer. For dual display of prices, the conditions must be prepared in all individual outlets. The dual display of prices relating to electronic cash registers is regulated by a decree of the Ministry of Finance of the Slovak Republic.

One of the options for facilitating this process for the business sector is to distribute to small vendors calculators for converting prices and values into euro and back from euro into koruna. These calculators may be distributed, for example, while conducting educational activities, where the calculators will be given out free and the costs for their purchase will be covered by the respective ministry budgetary chapter.

5.1.3 Education activities

A successful euro changeover will depend on how business entities in trade and services, as well as in supplier-customer relations, cope with tasks connected with the euro
introduction, in particular the conversion of retail prices, dual display of prices and the information strategy and price stability, etc. An important factor is the involvement of business staff at all levels of management.

A system of education focusing on the legal framework for euro adoption will contribute to improved approach to the new currency. From 2007, it has been implemented at the local authority level, and from February 2008, at the level of the Ministry of the Economy of the Slovak Republic (or by means of the NARMSP programme). An additional form of education will be the ongoing provision of up-to-date information by the Ministry of the Economy of the SR and professional organizations. To avoid negative effects on the currency it will be necessary to train cash handlers on counterfeit euro detection.

5.1.4 Defining the scope and need for technical conversion of information systems in the non-financial organizations sector

Integral components of running a business are information systems, which have a supporting function for most processes in businesses. Euro introduction makes it necessary to identify (examine), plan and implement all changes in a business information technology. The technical re-denomination of Slovak koruna to euro will involve:
- assessing the usability of software,
- verifying hardware capacity,
- adapting and purchasing software.

This concerns in particular accounting and analytical software applications.

These changes must take account of the requirements resulting from changes in the financial management processes of businesses, sales, purchases and the law. In the system of payments changes will concern the accounting of invoices, as well as the cash circulation in electronic cash registers, where the scope of changes will be proportional to the size, organizational structure and existing scope of information technology support in firm processes.

5.1.5 Rules for the conversion and rounding of prices and items in accounting

Accounting and the financial statements must be in koruna for 2008 and in euro for 2009. To be able to compare accounting statements, the financial statements for 2008 must be converted to euro according to the official conversion rate. This obligation is laid down by the umbrella law.

5.1.6 Conversion of registered capital and equity participations

Rules for the conversion and rounding of prices and accounting items are regulated by a decree of the Ministry of Finance of the Slovak Republic. At present, the registered capital of a large majority of companies in the SR is denominated in koruna. Registered capital as well as individual shares (stocks, private limited company business shares, cooperative shares) will have to be converted to euro. In accordance with the respective regulations of the EU Council coming into force in the Slovak Republic, registered capital values and shares will be deemed values in euro.

A major issue is the conversion of equity securities, where the value of one unit (e.g. a share) and the total value of the shares (e.g. registered capital) are set independently of each other. In the case of an independent recalculation and rounding of the value of registered capital and of the values of individual stocks, the converted value of the registered capital could differ from the total of the rounded converted values of individual
stocks. In recalculating individual stocks, rounding with greater precision is possible, up to 4 – 6 decimal places, so that the converted value of the registered capital equals the sum of the converted values of individual stocks.

Another problem is the adjustment of the minimum level of registered capital and the value of equity and business shares in euro. At present these values are “round” numbers in koruna (for example the value of a partner contribution in a private limited company must be a multiple of 1000), which, however, will no longer apply in the case of conversion at the conversion rate. Threshold values in euro will be reset, by analogy to the minimum registered capital for a joint-stock company (at present, set at EUR 20 000 in koruna).

Influence of the euro introduction on business accounting and reporting

A smooth changeover to the single currency requires that firms are able to operate in euro for internal and external purposes as of the date of the currency introduction. Business managers must adapt firm operations to the altered conditions which the euro introduction will bring about. The aim is to minimize the risk of businesses being unprepared, since unprepared firms following entry to the euro area will not be able to legally carry on business.

In these circumstances, the euro changeover in the business sector requires:

- The re-evaluation of key processes at individual firms for the conditions of the altered strategy in the field of financial operation, purchases and sales and the identification of related changes.
- Based on the specific changes concerning financial operation, purchases and sales, the identification of potential risks and proposal of measures for eliminating these risks (on the principle of maintaining continuity): - commercial, in particular interest-rate, monetary and also liquidity and creditworthiness risk in relation to changes in the financial operation of a business, - technical and organizational risks connected with flexibility, capacity and re-denomination of errors, - strategic risks, in particular capital investment risk, risks relating to competitiveness and also the adjustment of contracts and cooperation relations.
- Changes in financial operation processes will bring about changes in the exchange rate field. Adaptation to these changes will to a large extent be influenced by the size, legal form, field of economic activity of firms and their degree of capitalization. Therefore, from the procedural aspect, these changes have to be planned, and be feasible and controllable. These changes will affect the activities performed within one accounting unit, the consolidation of accounts to the target account and the clearing of account balances of individual firm accounting units, that is, they will affect the internal processes of a business and its contacts with contractual partners.

This refers to the area of accounting, where financial operation processes must be planned both at the level of one accounting unit, as well as at several accounting units (cases of branches, subsidiaries and joint ventures). This means that changes in accounting, consolidation and clearing must be carried out in a coordinated manner.

The results of a currency risk analysis will bring about changes to be made in the financial strategy for liquidity management and investment. In relation to the effects of strategic (and technical) re-denomination, this requires the adjustment, cancellation or establishment of new contractual relations between the business and contractual partners (a bank or other financial institution). In practice this means:

- a reduction in the number of koruna accounts,
- a re-evaluation of currency operations, i.e. performing currency risk analysis,
- a re-evaluation of suppliers prices,
- the adjustment, cancellation, creation of new cooperation – contracts,
- an assessment of the advantages and disadvantages of buying in euro,
- a reassessment of sales prices,
- a reassessment of sales and advertising materials, packages, etc.

In the field of technical re-denomination, which is connected with performing activities concerning recalculating at the fixed exchange rate in accounting, accounting records and forms, this will mean:

- reassessment of the suitability of forms and accounting records,
- taking care of technical aspects: a reassessment of suppliers prices, sales prices, sales and advertising materials, packages, etc.,
- invoicing

7 This problem is the greater, the lower the nominal value of one share. For example, a share with a nominal value of SKK 1 may, following conversion and depending on the value of the conversion rate, be rounded to 2 or 3 cents, where the rounding error may be as much as 25% of the total value.
the Commercial Code), which roughly corresponds to 1 million koruna for companies with registered capital set in koruna.

The rules for the recalculation of registered capital and shares and the procedure in their recalculation and in changing entries in the Commercial Register are set by Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts.

5.2 List of tasks

1. To draw up an informative leaflet for business entities, explaining the euro issues in commercial contracts, on the basis of which appropriate (realistic, optimal) decisions could be taken at the level of businesses, so as to avoid legal uncertainty.
   Responsible: Ministry of the Economy of the SR
   Deadline: Task has been fulfilled

2. To draw up an analysis of the options and need to provide a legislative framework affecting and simplifying the solution of the re-denomination of stocks and thereby also the procedure of shareholders (partners) towards maintaining legal certainty and reaching rounded re-denominated nominal stock values.
   Responsible: Ministry of Justice of the SR in cooperation with competent ministries
   Deadline: Task has been fulfilled

3. To draw up reports on the influence of introducing the single currency on the development of the business cycle of the Slovak economy at the level of macroeconomic relations (in particular competitiveness) and microeconomic relations (in particular the management of firms, maintenance of competitive position, or the functioning and viability of businesses).
   Responsible: Ministry of the Economy of the SR
   Deadline: 30 September 2009

4. To draw up an analysis of the impact of the euro changeover on the development of consumer prices in the retail and services sector.
   Responsible: Ministry of the Economy of the SR
   Deadline: 30 September 2009

5. To process information on the impacts of euro introduction on business activities in trade and services.
   Responsible: Ministry of the Economy of the SR
   Deadline: 30 September 2009
6 Legislative requirements for the euro changeover

6.1 Description of the most important tasks

The aim of the legislation is to introduce the euro as the legal tender in the Slovak Republic and for this purpose to adopt an integrated system of generally binding legal regulations in individual fields of the legal code of the Slovak Republic. This will primarily concern a declaration of the continuity of rights and obligations following the replacement of one currency by another. Such a monetary succession occurred in Slovakia twice in the 20th century under democratic circumstances. First in 1919 following the currency separation of the Czechoslovak koruna from the Austro-Hungarian koruna, and in 1993 following the currency separation of the Slovak koruna from the Czechoslovak koruna.

6.1.1 Method of harmonizing Community legislation on the euro introduction

Legislation of the European Communities/European Union on the euro introduction is formed primarily by three Community/EU regulations, including their amendments, which are secondary source of law of the European Community/European Union and which will be directly effective and binding in the territory of the Slovak Republic from the date of the euro introduction. Therefore it is not necessary to transpose them directly into the legal code of the Slovak Republic.

Specifically, this concerns the following regulations:

   OJ L 162, 19/06/1997 p. 0001 – 0003
   OJ L 139, 11/05/1998 p. 0001 – 0005
   OJ L 359, 31/12/1998 p. 0001 – 0002
   OJ L 167, 07/07/2000 p. 0001 – 0001

These regulations are generally binding legal acts and are binding in all parts and also directly applicable in the Slovak Republic.
The three EC/EU regulations form the legislative basis of the Community legislation on the introduction of the euro. However, other generally binding legal acts of the EC/EU also form a component of Community legislation on the euro, where these will be directly applicable in the Slovak Republic, and which must be taken account of and respected in preparing and realizing implementation measures removing any legal barriers and creating the legal conditions for the euro introduction in the Slovak Republic.

This concerns specifically the following generally binding legal acts of the EC/EU:

   OJ L 052, 27/02/1999 p. 0002 – 0003
   OJ L 181, 04/07/2001 p. 0006 – 0010
   OJ L 181, 04/07/2001 p. 0006-0010
   OJ L 140, 14/06/2000 p. 0001 – 0003
   OJ L 329, 14/12/2001 p. 0003 – 0003
   OJ L 329, 14/12/2001 p. 0001 – 0002
   OJ L 337, 20/12/2001 p. 0052 – 0054
   OJ L 009, 15/01/2004 p. 0040 – 0041
   OJ L 205, 09/06/2004 p. 0017 – 0018
   OJ L 078, 25/03/2003 p. 0016 – 0019
   OJ L379, 24/12/2004 p. 0107-0107
National Euro Changeover Plan for the Slovak Republic

OJ L 337, 20/12/2001 p. 0049 – 0051

6.1.2 Method of harmonizing the Commission’s recommendations on the euro introduction

The issue of the euro introduction in Member States is also the subject of recommendations by the EC/EU, these however are not of a binding nature (neither binding, nor normative) and their adoption into Slovak legal regulations is only voluntary. Their purpose is primarily to recommend certain behaviour, without actually legally binding the addressees. They cannot be enforced via the courts.

This concerns for example the Commission Recommendation No. 287/98 of 23 April 1998 on the dual display of prices and other amounts, Abl. 1998 L 130

6.1.3 Draft generally binding legal regulations for selected fields and their identification

The identification of problems in the legal code of the SR relating to the introduction of the euro as the legal tender in the Slovak Republic and which at the same time need to be resolved by legislation will be classed into three main groups of legislative measures:

Group I

This group regulates legislative problems of general nature in the legal code of the Slovak Republic, by means of Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts (the umbrella law), concerning the euro introduction as the legal tender in the Slovak Republic.

Article I of the umbrella law contains a regulation of general nature. In addition, the umbrella law contains further articles regulating further acts belonging to group I of acts.

The umbrella law contains a general provision on the changeover of the Slovak currency to the euro. The law will also include the principles of euro introduction in the SR, i.e. a provision on the replacement of the Slovak currency by the euro.

The purpose of the umbrella law is also to support an orderly transition in the currency changeover. The requirement for an orderly transition of the currency changeover must be understood in the sense of ensuring legal clarity and legal certainty. The currency transition should be homogeneous and transparent so that every citizen has the opportunity to obtain the necessary information and can behave and act having trust in this information.

The umbrella law contains in particular:
• a general provision on the changeover of the Slovak currency to the euro,
• the manner of conversion the Slovak currency to euro,
• rounding rules,
• rules for the dual display of prices,
• possible authorizing provisions,
• control and supervision, for example in the field of monitoring prices and in the field of the dual display of prices.

The act on the introduction of the euro in the Slovak Republic was approved by the National Council of the Slovak Republic on 28 November 2007 and published in the Collection of Laws of the Slovak Republic as Act No. 659/2007.
Group II

By the day of euro introduction in the Slovak Republic (1 January 2009), it will be necessary to solve also other important issues in individual laws of the Slovak Republic and in other generally binding legal regulations of the Slovak Republic, where this will be done by new legislation or amendment to existing legislation (e.g. identification of laws and other legal regulations, the major part of which comprises amounts stated in Slovak koruna) – a significant part of these regulations will be laws from the field of financial law, though also codices such as the Criminal Code will also be amended with regard to the imposition of financial fines. Amendments will also be important in regulations governing social and labour relations, the Labour Code or the Act on Travel Fares. Subordinate legislation ensuring legal certainty and a smooth transition from the Slovak koruna to the euro will be also amended in this group of legal regulations.

On the basis of a review of the existing legal regulations, the Government Office of the SR in cooperation with the Ministry of Justice of the SR, the Ministry of Finance of the SR, Ministry of the Economy of the SR and NBS have prepared the Schedule of Legislative Steps for Euro Introduction in the SR, which was approved by Resolution of the Government of the Slovak Republic No. 1040 on 21 December 2005.

Because the schedule was adopted in 2005 and the legislative process is still developing, some of the legal regulations in the schedule are, at present, obsolete (they have been cancelled or amended in the course of time so that it will not be necessary to amend them in connection with the introduction of the euro, or they have been replaced by new ones), all current tasks from the Schedule of Legislative Steps for Euro Introduction in the SR are updated in the 2008 Plan of Legislative Steps of the government.

Legal regulations from group II of acts will be submitted in groups of acts regulating the individual fields. It is expected that in some cases groups II and III of legal regulations can amalgamate. They will have to be effective as of 1 January 2009.

Group III

The third group of acts is illustrated only with examples and will include laws that will be amended on an ongoing basis from 1 January 2009 onwards. These will be legal regulations which will be only marginally affected by the currency changeover. It is not essential to amend them immediately after the euro introduction; their adjustment will be solved within other amendments. They include, for example, legal regulations containing only a small part of provisions with references to Slovak koruna, where essentially the issue would be solved by the general provisions of the umbrella law.

This group of regulations will include also legal regulations of lower legal power, e.g.:
- government regulations,
- decrees, edicts and measures of ministries and other central government bodies and NBS,
- legal regulations issued at the local level (generally binding decrees of local government bodies and generally binding regulations of municipalities, towns and upper-tier territorial units).

Regarding the introduction of the euro as the legal tender in the Slovak Republic it is necessary to mention that several EU Member States which have introduced the euro currency have an umbrella (general) law on measures relating to the introduction of the euro as the legal tender in these Member States, while some other EU Member States do not.

6.1.4 Schedule for adopting laws introducing the euro in the SR

Deadlines in the progress of work have to take into account the length of the legislative process, from drawing up a specific draft act to its approval in the legislative body.
The involved departments (ministries, other central government bodies or public authorities) participate in the preparation of these acts. Act No. 659/2007 Coll. on the introduction of the euro in the Slovak Republic and on the amendment of certain acts, which was approved by the National Council of the SR on 28 November 2007 (with effect from 1 January 2008), has been jointly prepared by the Ministry of Finance of the Slovak Republic and Národná banka Slovenska as the institutions with subject-matter jurisdiction under the Competence Act and the Act on National Bank of Slovakia. Responsibility for drawing up other acts will involve the respective ministries, other central government bodies, or public authorities.

The legislative process has to consider the schedule for the submission of acts for approval to the Government of the Slovak Republic and for other constitutional discussion:

1. Drafts amending measures in group II must enter into force on 1 January 2009, meaning that they must be submitted to the Government of the Slovak Republic and its Legislative Council by 31 August 2008 at the latest.

2. Drafts amending legal regulations in the third group will be prepared at future times as needed.

### 6.2 List of tasks

Tasks will be performed within the individual budgetary chapters of ministries and other central government bodies. With regard to the fact that legislative activity in this case has a cross-sectional nature, affecting almost all the areas engaged in drawing up the National Euro Changeover Plan for the Slovak Republic, individual tasks will be performed within the budgetary chapters.

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7 Information sources on the euro introduction

7.1 Description of the most important tasks

The main objective of the information campaign will be to contribute to smooth and problem-free euro changeover in Slovakia so that every citizen is informed in time, in a sufficient extent, and in an appropriate form of all matters of concern related to the euro introduction, so that the changeover to the new currency does not cause any complications and problems, primarily to the public.

The information campaign will provide sole traders and small and medium-sized enterprises with all the information necessary so that they can as simply and efficiently as possible and in due time adapt their economic activities to the conditions of the new currency. In doing so, the capacity of central institutions promoting small and medium sized enterprises and the existing network of regional information and consulting centres will be used to the largest possible extent.

Towns and municipalities will be provided with sufficient information resources necessary for their further dissemination to the local public.

Members of ethnic minorities will have access to information in their own language. Increased attention will be paid to sensitive groups of the population with regard to their specific conditions in relation to other target groups.

Large enterprises will be provided with necessary information and essential degree of cooperation in their own information activities.

7.2 Communication strategy of the National Coordinator

7.2.1 Systems and principles of communication

The communication system is based on defining the need and extent of knowledge of individual target groups – from the general public, through the youth, small and medium-sized enterprises, towns and municipalities, up to sensitive groups of the population. The potential of individual target groups to disseminate gained information to other groups will be used intensively (Part 7.2.2).

The information campaign will be managed so that the addressees do not have to actively seek out the information connected with the euro changeover, but so that they receive it via appropriate communication channels in time, in their homes, schools, workplaces, etc.
The prime addressee of the campaign will be the population as a whole and also its individual identified groups. Increased attention will be paid to potentially sensitive groups (pensioners, children, handicapped persons, persons living alone) and also sole traders, small and medium-sized enterprises, particularly in economically weaker regions of Slovakia. A significant role in the information campaign towards citizens will be played also by towns and municipalities as intermediaries of practical information from central bodies towards the final addressee. Smaller towns and municipalities in particular will, besides disseminating general information, provide citizens also with specific information of a local nature (opening hours of local banks, post offices, etc).

The communication campaign will provide large businesses and general government institutions with clear and timely information, but these institutions will not be the direct addressee (target group) of the information campaign (these entities have sufficient sources and instruments to provide their employees, clients and partners with sufficient information).

The most important message of the campaign will be the information that the euro will be introduced in the SR on 1 January 2009 and that all residents in the SR, all entities and institutions located in the SR and all the systems must at this day be prepared for using the euro in cash and non-cash payments.

The campaign will also focus on all other information and practical advice relating to the changeover to the common currency.

The most intensive part of the campaign will be conducted during the third stage of the process of euro introduction, i.e. in the period between the EU Council decision to allow the SR to join the euro area and its actual entry, euro introduction and the exchange of money in circulation, i.e. in 2008.

The nature of the information campaign will not be persuasive, but rather informative and educational. The most important tasks will include, in particular:

• to explain to the public the unfounded nature of fears of price growth exceeding the usual rate of inflation, caused by the euro changeover (the importance of this task is highlighted by the experience from other countries using the euro and confirmed also by the results of public opinion surveys in Slovakia),
• to familiarize the public with measures adopted for consumer protection, with the system of the dual display of prices as being the most reliable and transparent control mechanism for preventing hidden price increases. To explain that during the dual display of prices in 2008 price data in euro will be merely informative, and that shops do not have to accept payments in euro or give back change in euro,
• to familiarize the public with the conversion rate, with the mechanism for the conversion of prices, wages, pensions and the other kind of income, expenditures and liabilities from koruna to euro,
• to familiarize the public with euro banknotes and coins, their security features, to explain that euro banknotes are the same and common for all euro area countries and that euro coins with national sides are equally valid in all euro area countries,
• to familiarize the public with the fact that koruna in the system of scriptural payments will cease to exist on 1 January 2009,
• to explain that although koruna banknotes and coins in the cash system of payments will, from the moment of adopting the euro, become merely a denomination of euro, and that throughout the period of dual circulation cash payments will be accepted without limitation. However, koruna money will gradually be withdrawn from circulation. Following the end of the dual circulation period, it will be possible to exchange koruna banknotes and coins for euro only in banks,
• to provide information on the individual stages of the euro introduction, on the possibilities, places and for exchanging Slovak koruna for euro, on the opening hours of banks in the first days of the currency exchange.
During the information campaign the Working Committee for Communication (WCC) will continually consult the importance, need and relevance of individual information as well as other potential topics with the National Coordination Committee (NCC), with other Working Committees, primarily the Working Committee for the Non-financial Sector and Consumer Protection and also with the Government Plenipotentiary for Euro Introduction. The information campaign will respond flexibly also to the results of public opinion surveys.

### 7.2.2 Bodies involved in the campaign

The main coordinator of the communication activities will be the Working Committee for Communication headed by Národná banka Slovenska. The Committee will cooperate intensively with the Ministry of Finance as the National Coordinator, the Government Plenipotentiary for Euro Introduction, with the National Coordination Committee (NCC), the Government Office, individual general government bodies, with the commercial sector, the media governed by public law, the Slovak Banking Association, upper-tier territorial units (VÚC), towns and municipalities, the Slovak Chamber of Commerce and Industry as well as non-governmental organizations. Commercial entities and non-governmental organizations can cooperate in communication activities in the framework of Euro partnership.

### Communication activities in the framework of Euro partnership

The European Central Bank, together with 12 national central banks, used this method in the euro campaign 2002 and in communication with the public to great effect. Any commercial or non-commercial entity can become an official Euro-Partner, where it commits itself to communicate, as part of its usual business, certain issues relating to the introduction of the new currency – security features, the banknote and coin designs, or simply a slogan on the euro introduction, at a certain date for a certain time. The entity develops these activities at its own cost, gaining the right to use the official Euro-Partner logo during the communication campaign. In Euro partnership no commercial relationship arises between the National Coordinator and the communication entity.

At the international level the WCC cooperates with the:

- **DG ECFIN of the EC** (Directorate General of the European Commission for Economic and Financial Affairs) – via the partnership programme enabling the use of PRINCE programme funds for co-financing individual selected communication projects and the free use of audio-visual and printed materials,
- **European Central Bank** – in particular in the form of intensive consultation in the preparation and realization of the information campaign and also via the free use of relevant printed and audio-visual materials, containing primarily information on the designs of euro banknotes and coins, their security features as well as on procedures in checking the authenticity of money in cash handling,
- **The Austrian National Bank** in a Twinning-Partnership programme – in the form of consultations and obtaining experience from the Austrian central bank’s information campaign in introducing the euro in Austria in 1999-2002. The sponsor of this form of cooperation is the European Commission, which will finance this partnership.

The printed and audio-visual materials prepared by the ECB and the European Commission will be distributed free of charge by intermediaries addressing individual target groups (schools, towns and municipalities, banks, handicapped citizens...) and will be intensively used in the information campaign.

### 7.2.3 Target groups

- **general public** – the main addressee of the campaign; the greatest share of communication activities will be aimed at this target group,
- **children and pupils** – besides information aimed at the general public, children will be provided with information tailored and prepared for their age, eventually also the potential of this group to further disseminate the information especially to relatives may be used (grandparents, relatives and friends in their homes, in regions).
• **secondary school and university students** – this target group will be addressed both as an addressee and also as an intermediary of information to other groups of the population – in particular family members (grandparents, relatives and friends in their homes, in regions).

• **sensitive groups (elderly persons, handicapped persons, persons living alone)** – besides information intended for the general public, specific instruments and communication channels will be necessary for informing this group.

• **upper-tier territorial units, towns and municipalities – local authorities** (in particular in economically less developed regions) – this target group will be addressed as an intermediary providing information towards a lower level in the framework of local authority structures. Local authorities will be an easily available source of information for elderly persons, persons living alone, handicapped persons, marginal groups, and ethnic minorities.

• **sole traders, small and medium-sized enterprises** – besides information intended for the general public, specific information relating to their economic activities (changes in accounting, cash register software, rules for the dual display of prices, information boards for clients ...) will be provided in a manner especially tailored to this group. At the same time, this target group will be an additional disseminator of information to their customers and business partners.

• **ethnic minorities** – information in the minority's language (language versions of the most important information materials in Hungarian, Romany, Ukrainian, Ruthenian, German and Polish).

### 7.2.4 Communication instruments

The particular details of the application of specific instruments in individual forms of communication with specific target groups can be determined only during the course of conducting the campaign itself based on all the information available at the given time. According to the experience of the current euro area countries as well as from recommendations by the European Commission and the European Central Bank, it is necessary, in conducting the information campaign, to cooperate with a professional communication agency, or agencies. The choice of the instruments themselves and their use will be influenced by current developments in the communication area, public opinion survey results and budget funds provided. Despite this, it can already be expected that the following instruments will be used:

• **information in the media** – information will be provided on an ongoing basis as part of the ordinary content of the given media, in particular in news and journalism, or on a one-off or serial basis in broadcasts in the electronic media and in supplements in print media.

• **advertising in the media** – paid space in the print and electronic media,\(^8\)

• **universal print information material**\(^9\) delivered to every household in the SR by Slovenská pošta (Slovak Post).

• **website** – the separate specialized website [www.euromena.sk](http://www.euromena.sk) devoted to the euro introduction containing all available information and links to other information sources. There will be a link to this page from the websites of all central government bodies and, at their discretion, also form websites of other organizations and institutions whose activities are affected by the euro changeover.

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\(^8\) Based on recommendations of the European Commission, ECB and central banks of the present 15 euro area countries, it is not possible to rely wholly on informing the public by the media only, in standard news or journalistic materials. Only paid advertising can guarantee the provision of comprehensive, complete and precise information corresponding to the aim of the sponsor, where the content of this advertising can be guaranteed and fully influenced by the sponsor/communicator.

\(^9\) All the most important information, the design of banknotes and coins, security features, the most important dates ...
• **separate print materials** – leaflets, brochures, posters,
• **audio-visual and multimedia materials** – video cassettes, CD-ROMs, DVDs - distributed in particular to schools and local authorities,
• **outdoor advertising** – posters, billboards, central mega-billboard (on the NBS building) and other media,
• **toll-free phone link** – will provide callers with all necessary information on the euro introduction. The existing info line of the Government Office of the SR will serve for this purpose (0800 103 104 from all telephone networks in the SR), which, at present, is devoted to the issues related to European integration,
• **professional conferences, lectures, training sessions, seminars** – they will provide target groups with information that is supposed not only to facilitate this process, but also to prepare for it sufficiently in advance,
• **Euro day** – a nationwide event for the general public (public events, concerts, happenings, free-visit days, in all large towns, or municipalities with adequate room or premises) at the launch of the most intensive part of the information campaign – 100 **days before the euro introduction** (24 September 2008, Wednesday; the next Saturday of 27 September 2008 should be used for this event),
• **promotional materials on the euro introduction,**
• **logo and slogan** – the common logo of the European Central Bank and all countries in national languages. It is recommended to use the central logo and slogan also in the campaign in the SR. (Chapter 10).

### 7.2.5 Campaign schedule

#### 1st quarter of 2008 – launch of the campaign

**Objectives:**

- Focus on the new currency – information for the public on the manner of the adoption of the euro (Big-Bang scenario, details on the exchange of money, conversion of accounts and prices),
- Intensive communication with businesses, mainly with retail businesses and services including calls to adopt the ethical code,
- Information of businesses on the obligation of dual display of prices

**Instruments:**

- Public promotion of a toll-free info line on the introduction of euro,
- Briefings and educational activities for journalists (until December 2008),
- Organization of regular press conferences (until March 2009),
- PR articles and interviews in the press and discussions in electronic media (until March 2009),
- Regular releases of press reports (until 2009),
- Public opinion polls – at least quarterly during 2008, final poll in the first quarter of 2009,
- Educational activities at schools – the “Euro to schools” project,
- An information campaign for small and medium-sized enterprises on the introduction of the single currency – setting up professional capacities at the regional level, several series of seminars for small and medium-sized enterprises, provision of counselling in regional centres, supporting activities, such as websites, publications, posters (this activity shall continue till the end of the year).

#### 2nd quarter of 2008

**Objectives:**

- Campaign intensification,
- Preparation of the public for the dual display of prices,
- Interpretation of main topics – the ethical code; the introduction of the euro will not lead to price increases, Convergence reports.
- Intensification of communication with the non-profit sector, primarily focussed on sensitive target groups,
- Seminars and information events for journalists, teachers and the professional public.
- Start of more intensive communication with the pensioner target group,
- Information and launch of competitions at schools.

Instruments:

- Seminars and workshops for journalists and professional public (until December 2008),
- Presentations for teachers at schools (until November 2008), for church representatives, social workers,
- Presentations in old-age pensioners homes, children’s homes, hospices, prisons; preparation of press and other material for these target groups (until November 2008),
- Presentations and workshops at expositions, mainly for the professional public (until November 2008),
- Briefings and trainings of journalists (until November 2008),
- Seminars and meetings with non-profit organizations (till the end of December 2008)

July – August 2008 – start of an intensive information campaign

Objectives:

- Extensive explanation of communication topics: conversion rate, the dual display of prices, appeals to deposit money with banks, to become acquainted with the new currency and its visual and security features,
- Use of the summer period to communicate in an easy and pleasant way,
- Preparation for the last part of the campaign (production of gadgets, which depend on the conversion rate or on the final decision on the adoption of the euro in Slovakia).

Instruments:

- Intensive PR and media activities,
- Launch of paid advertisements, primarily in the press during a period when this is more cheap,
- Delivery of promotional objects.

September – December 2008

Objectives:

- The most intensive campaign
- An intensive promotional campaign – media, printed matters, direct marketing,
- Organization of events,
- Informing the target groups of the money exchange and dual circulation, as well as of the conversion of accounts, wages, pensions and the functioning of ATMs,
- Intensive addressing of sensitive groups and ethnic minorities.

Instruments:

- Visitors Day at Národná banka Slovenska with focus on the euro,
- Organization of a large euro conference – September or the beginning of October 2008,
- €-Day – public events at the beginning of the most intensive part of the information campaign – 100 days until the euro – Saturday, 27 September 2008,
- Placing of a central mega billboard on the façade of the NBS headquarters – around 27 September 2008,
- Road-show – a tour of presentation buses or trucks in Slovak towns and villages that have not participated in the €-Day; the buses/trucks will also serve as means of outdoor advertising (they will operate until the end of 2008),
- Visits of our journalists abroad and in the regions (September – November 2008),
- Presentations/information desks in shopping centres and information panels or posters in smaller shops,
- TV advertising – both in national and in regional TV (three waves)
- Radio advertising – in six waves,
- Advertisements in newspapers and journals,
- A billboard campaign,
- Outdoor advertising in public transport (buses and trains) – primarily in the countryside,
- Information materials delivered to each household, including an euro calculator (September – October 2008),
- Information materials in Hungarian and Romany,
- Aids for blind and sight-impaired persons,
- Production and distribution of audio-media objects for blind and sight-impaired persons,
- Production and distribution of video-media objects for deaf persons,
- Events before the Christmas holidays – December 2008,

1st quarter of 2009 – campaign end

Objectives:

- Making sure whether the introduction of euro has proceeded smoothly,
- Solving ad hoc problems – e.g. sporadic cases of unjustified price increases, perception of inflation, value of the new currency – “every cent counts”,
- Adequate reactions against false news and incomprehension,
- Monitoring of the experience of the public after the adoption of euro,
- Evaluation of the information campaign.

Instruments:

- Press reports and press conferences (January to March 2009),
- Monitoring of false and incorrect information and reactions to these news in the media (January to March 2009)
- Continuation of the media campaign, if necessary (support to the dual circulation, reaction to problems, etc.),
- Final public opinion poll.

7.3 List of tasks

1. Include public opinion surveys on the euro introduction in the plan of activities and conduct surveys, at least twice a year, to gather information about the level of information received by citizens, and about their information needs.
   Responsible: Statistical Office of the SR
2. Cooperation with an external communication agency.
   Responsible: NBS, WCC (cooperation)
   Deadline: by 3/2009

3. Cooperation with the agency for the preparation, creation and updating of euro introduction website.
   Responsible: NBS, WCC (cooperation)
   Deadline: by 3/2009

4. Prepare and broadcast separate programmes devoted to the euro introduction in the SR.
   Responsible: Slovak TV, Slovak Radio

5. Update curricula and teaching aids for schools (to replace Slovak koruna by euro) and to include in the curriculum information on the euro introduction.
   Responsible: Ministry of Education of the SR
   Deadline: on an ongoing basis

6. Prepare for central government staff information on the euro introduction in the SR.
   Responsible: Central government bodies

7. Actively cooperate with public media in the preparation of programmes on the euro introduction (to ensure the participation of experts).
   Responsible: Central government bodies
   Deadline: on an ongoing basis

8. Actively cooperate with media in various forms of dissemination of information on the euro introduction in the SR
   Responsible: Working Committees + Central government bodies
   Deadline: on an ongoing basis

9. Actively cooperate with the WCC in distributing printed materials to each household (direct mailing) via Slovak Post, at the lowest possible costs.
   Responsible: Ministry of Transport, Posts and Telecommunications of the SR
   Deadline: 2nd half of 2008

10. Ensure adequate staffing of the information telephone line of the Government Office of the SR
    Responsible: Government Office of the SR

11. Identify the need for and conduct training of info line operators and trainers for selected target groups (handicapped persons, minorities, persons living alone, the elderly, local and territorial authorities)
    Responsible: WCC
    Deadline: 7/2007 – 12/2007 – the task has been fulfilled

12. Actively cooperate with the WCC in implementing the individual stages of the programme “Information campaign for small and medium-sized entrepreneurs for the introduction of the single currency – the euro – in the SR”.
    Responsible: NARMSP (National Agency for the Development of Small and Medium Enterprises), Ministry of the Economy of the SR, WCC
8 Support of the euro changeover by information and statistical systems

8.1 Description of the most important tasks

It is essential to clearly identify which information systems may be affected by the euro changeover. As a rule these should be only information systems operating with financial information in the Slovak currency, in particular:

- general ledgers,
- electronic payment systems,
- accounting and invoicing systems,
- systems processing wages and salaries,
- account journals containing liabilities and receivables,
- account journals containing data on inventory and its value,
- account journals containing information on real-estate, its value and depreciation charges over period,
- management systems for the field of production, working with financial indicators,
- financial planning applications,
- cost monitoring applications,
- enterprise resource planning applications (ERP),
- state treasury information systems and other applications used for public finance management,
- bank systems, including NBS systems,
- legal databases containing financial contracts.

The Ministry of Finance of the SR will draw up an analysis of information systems with a potential impact on the euro changeover. The analysis will be prepared in a broad discussion with a key group of users so that potentially extended demands on the functionality of these systems may be covered in the period following the euro changeover, with the possibility for feedback.

Attention must be given also to technology used, since in some cases even hardware can be negatively affected by the euro changeover, mainly where simple technical equipment is concerned.

A special, thorough monitoring of the mutual interconnection of systems (not only internal, but also external with customers and suppliers) will have to be performed.

Concerning the strategy of the euro changeover, it is crucial to define the affected systems and their quality from the logical and technological aspects. In the case of lower quality information systems it will be necessary to make fundamental, not only partial changes, which would otherwise create potential for negative impacts.

In setting priorities it is necessary to take into consideration the importance and complexity of information systems; systems, which are important for operations of a corporation,
have a higher priority, complex systems require more time for conversion, therefore, they must receive greater priority.

Since the changeover will follow a “Big Bang” scenario, it is essential to pay attention to the simultaneous adjustment of all systems at the set date, which requires extensive coordination activity.

8.2 Procedure in the conversion of statistical databases and information systems

It is essential to identify the scope, (all relevant items), of the technical conversion of large financial and statistical information systems with regard to normative acts or legislative regulations issued by central government bodies, such as the Statistical Office of the SR (Act on State Statistics, statistical surveys programmes, registers, classifications, general directives for data providing bodies, applicable instructions and methodological guidelines, interdepartmental agreements on the mutual provision of data, etc). Essentially this will concern all legal norms containing data in the Slovak currency.

The Statistical Office of the SR and the Ministry of Finance of the SR will propose the minimum length of historical statistical time series, for which it will be appropriate to recalculate data in financial and statistical databases that contain financial (value) information. The conversion process itself will be performed only following the adopting a legislative regulation, by that time it will be necessary to identify lists of data which will have to be converted, and generally binding legal principles of conversion for all statistical systems. Respective owners of large information databases will prepare software solutions for the conversion according to the nature and structure of individual data stores.

For converting statistical databases it will be necessary in particular to:
• make complete lists of indicators that are to be converted,
• determine the manner of converting data originally in the Slovak currency, calculated in the process of processing statistical data prior to the euro area entry,
• define principles and coefficients for the conversion of data into euro and to set the period, from which it will be mandatory to publish data in both currencies,
• determine the method of rounding and multiples of euro (unit of measure) for storing data,
• set methodological principles for ensuring the comparability of data and principles for solving balance differences,
• propose specific statistical surveys to be performed for the needs of introducing the euro in the SR (indicators, survey data, attaching indicators to existing data series).

8.3 List of tasks in the field of information and statistical systems

To perform a survey of the state of preparedness of the transition in the field of information and statistics systems in government bodies based on a drawn up questionnaire and to submit it to the plenipotentiary for euro administration.

Responsible: Ministry of Finance of the Slovak Republic
Deadline: 15 March 2008

To publish the manner of conversion of statistical forms within the Programme of State Statistics and, at the same time, to publish statistical forms on the website of the Statistical Office of the Slovak Republic.

Responsible: Statistical Office of the Slovak Republic in cooperation with governmental departments and public bodies responsible for the subject-matter.
Deadline: 31 October 2008

Central government bodies will perform an analysis of the state of information and statistical systems within their competence for the 1st half of 2008 and submit the results to the MF SR.

Responsible: Central government bodies of the Slovak Republic, Ministry of Finance of the Slovak Republic
Deadline: until 15 August 2008

To perform an integration test of the central systems for public finance management.
Responsible: Ministry of Finance of the SR
Deadline: 30 November 2008

To perform an analysis of the current state of electronic information systems in central government bodies before the launch of their full operation, i.e. for the 2nd half of 2008.
Responsible: Ministry of Finance of the SR
Deadline: 30 November 2008
9 Recommendations by the National Coordinator

9.1 The National Coordinator recommends banks and financial institutions:

1. In the last December days in 2008, to load ATMs primarily with lower banknote denominations.
2. To load ATMs at the start of January 2009 with a sufficient quantity of euro banknotes, mainly in lower denominations (so that when paying with them it will not be necessary to give back a lot of change). If possible, all ATMs should be reset to euro immediately on 1 January.
3. To exchange koruna banknotes for euro until the end of 2009 and coins until June 2009 free of charge and without any related fees.
4. To provide, in cooperation with NBS, their customers and small retailers packages (paper bags) for sorting coins so that customers do most of the sorting and counting themselves and the sorting of coins can be easily controlled and marked.
5. To accept, during dual circulation, koruna cash from small retailers without any fees and limitations.
6. To open some branches, at least for cash operations (exchanging koruna for euro), even on 1 January 2009.
7. During the period of dual circulation, to facilitate for business entities and sole traders the depositing an exchange of koruna cash in an appropriate manner.
8. To provide for dual display of prices for services and post dual statements for the period of 18 months following the euro introduction.
9. To prepare and realize, for their employees, customers and business partners, own communication activities in the time before and after the euro introduction, on all matters in the field of their activity affected by the euro changeover.
10. In their information activities, to use the approved symbols of the information campaign relating to the euro changeover in the SR, which are given in Chapter 10.
11. For Národná banka Slovenska, besides active participation in the national information campaign, to prepare and undertake its own communication activities on the euro introduction in the SR.

Other recommendations for business entities in Part 9.4 are also relevant for banks.

9.2 The National Coordinator recommends local authority bodies and central government bodies:

1. In amending their normative acts, to proceed analogously as specified for ministries and other central government bodies of the SR (Chapter 3).
2. In the process of preparing legislation and information systems, to focus exclusively on the reason why the revisions themselves are being performed, i.e. to ensure that the conditions for the euro adoption are met and to avoid the tendency and effort to bundle together tasks not directly related to the issue of preparing for the euro changeover in the SR.

3. To ensure the efficient use of public funds in the process of adjusting information system.

4. In acquiring new information systems and technologies, to take into account whether they can be updated so as to allow for euro conversion.

5. That the Association of Towns and Municipalities of Slovakia and the Union of Towns in Slovakia prepare and conduct, before and after the euro introduction, for local authority employees their own communication activities on all matters affected by the euro changeover.

6. That public institutions, besides their cooperation with the National Coordinator in the information campaign, prepare and conduct within their operations also their own communication activities aimed at their customers. In case of public media, this should concern in particular specialized (one-off or serial) programmes (broadcasts) devoted to the topic of the euro changeover.

7. To use in information activities related to the euro changeover in the SR the approved information campaign symbols given in Chapter 10.

8. That public media in broadcasting and in particular in paid advertising adopt a special approach appropriate to the nature of the campaign.

9. That all media in their news and journalistic reporting provide information on the individual stages and characteristics of the SR’s accession process into the euro area.

9.3 The National Coordinator recommends citizens:

1. At the latest at the beginning of December, to deposit surplus cash, especially coins (to empty all piggy banks and cash boxes) at banks.

2. To watch information boards on consumer rights and general requirements for the euro introduction published on local authority information boards.

3. To acquaint themselves with euro banknotes and coins, as well as the security features of euro banknotes.

4. Not to abuse the period of dual circulation for exchanging large sums at shops and thereby create problems at cash tills with euro cash for other customers.

5. At the time following the start of the dual display of prices, to inform control bodies of all discrepancies relating to the euro introduction.

6. To request from vendors a commitment that the dual display of prices will be performed also in excess of the framework of statutory obligations.

7. To request from vendors fulfilment of the commitment not to increase prices as a consequence of the euro changeover.

8. During dual circulation, to give priority to using non-cash forms of payment.

9.4 The National Coordinator recommends business entities:

1. To identify changes concerning daily, short- and long-term operations in relation to the euro changeover, affecting planning, management and control processes.

2. To draw up individual business plans for the euro changeover and to determine the method for their control.

3. To reassess the need for the existence or reduction of bank accounts, which relates directly to the process of technical realization of euro introduction.

4. To identify (test), plan and implement all changes to the business information technology.
5. To define, within a new or amended strategy on the euro changeover, all critical risks connected with the existence and functioning of the firm. Potential risks concerning financial management, purchasing and sales may be broken down into:
   - commercial risks, (interest rate risk and currency, liquidity and creditworthiness risks) related to the changes in the processes of the business’s financial management;
   - technical and organizational risks, i.e. risks related to flexibility, capacity and errors in re-denomination;
   - strategic risks, i.e. investment risk, competitiveness risk, and risks connected with the adjustment of contractual relations and cooperation.

6. Recommends that large businesses prepare and realize for their employees, customers and business partners, their own communication activities before and after the euro introduction in all matters in the field of their activity affected by the euro changeover.

7. Recommends that individual interest groups and associations prepare for their members (large businesses, banks, insurance companies...), their clients, employees and business partners their own communication activities aimed at their specific needs.

8. To use the approved information campaign symbols given in Chapter 10 in information activities relating to the euro changeover in the SR.

9.4.1 The retail sector:

1. To begin with the conversion of prices as soon as possible following the publication of the official conversion rate for dual display of prices.

2. To complete the conversion of prices of all goods and services by 31 December 2008 at the latest.

3. To ensure, in accordance with the method proposed in Part 4.1.2, dual display of prices and to continue in the dual display of prices until 30 June 2010.

4. To locate in outlets currency calculators, on which customers themselves can convert values to euro.

5. To publicly declare a commitment to maintain price stability and to not increase retail prices due to the euro changeover.

6. To ensure in advance software adjustments to electronic cash registers for the conversion of prices and calculations of total amounts and for printing receipts for the consumer in euro and koruna.

7. To prepare for accepting payments from consumers in euro and koruna over the dual price period and for giving back change in euro only.

8. To extend opening hours during the first weeks following the euro introduction.

9. To not arrange sale events in the first days or weeks of January 2009.

10. To open some outlets also on 1 January 2009.

11. At large shopping centres, to designate one or more employees who, as a customer service, will answer customers questions concerning the euro and prices of goods.

12. During the period of dual circulation, to store koruna banknotes at separate places so that they are not visible to customers and so that customers do not therefore request that change be given back in koruna.

13. For retailers, to ensure a sufficient flow of euro banknotes and coins from banks over the course of dual circulation so that they are able to give back change in euro.

9.4.2 Professional associations in trade and services:

1. To cooperate with the competent general government bodies in the preparation of legal norms relating to the euro changeover in the Slovak Republic.

2. To cooperate with the competent bodies in handling consumers complaints regarding breaches of the umbrella law.

3. To engage in the national promotional and education campaign.
9.5 Recommendations for adapting information and statistical systems

The basic recommendation which should help to eliminate potential negative impacts from the euro changeover is to perform a technical/technological audit of the affected information systems.

When acquiring a new information systems or making significant changes to existing systems, the conditions of the euro changeover should be taken into account. Such a possibility to update the system to the euro currency should be explicitly stated in contracts with information system suppliers.
Focus of the audit of the affected information systems

Input problems
- input of financial information in two currencies (the euro and Slovak koruna),
- change of the current system
  - requires time for planning and testing,
  - risk of operator errors,
- use of parallel systems (two equal versions of financial information systems)
  - is often not possible with regard to the technical limitations of hardware,
  - risk of errors: confusion between the information system working with euro and that working with Slovak koruna,
  - transaction problems related to customer limits,
- sequential changeover
  - need for interfaces between the systems,
  - risk of confusion between users as to the currency used.

Output problems
- creating outputs in two currencies (the euro and Slovak koruna).

Interface problems
- exchange of financial information between systems working with Slovak koruna and systems working with euro,
- creation of converters,
- simultaneous change: everything at once,
- autonomous groups – groups of information systems which are relatively autonomous.

Conversion problems
- historical data in Slovak koruna (these data will be needed after the euro changeover as well) must be converted to euro,
- manual conversion,
- instruments for automated conversion,
- changes to information systems.

Technical details that need to be taken into consideration
- rounding
  - differences can arise in the conversion between Slovak koruna and euro, therefore, the sums may not add, which may interrupt the processing of information,
- interfaces between systems
  - creating system interfaces can be more demanding than this appears at the first sight, in particular due to rounding problems,
  - it is necessary to focus attention on possible threats from the confusion between the amounts expressed in euro and those expressed in the Slovak koruna,
  - it is necessary to devote attention to systems which are connected to different systems of other organizations; in this case it is necessary to agree on a common procedure at both organizations as to when and how these systems will convert to euro,
- conversion of historical data
  - the conversion of historical data must be performed using the same methodology and the same system, otherwise unforeseeable errors and problems may occur,
  - problems may occur in the conversion of financial metadata (data in a descriptive field),
  - two methodologies exist for converting amounts from Slovak koruna, where each has its own advantages. Each methodology gives different outputs, therefore an organization must opt for one of them and adhere to it precisely,
- decimal places
  - this concerns in particular the information systems which have been set for operation in Slovak koruna figures with no decimal places; in such a case it is necessary to change the system for using euro cents,
- display in both currencies
  - this can cause problems with regard to the limited number of columns displayable on the screen,
- limits – financial information systems often define limits for values, which can initiate system’s actions. These limit values must be converted to euro so as to prevent unexpected actions by information systems,
- Spreadsheets – with regard to the very high demand required for creating an instrument for the automatic conversion of tabular models to euro it is more efficient to rebuild this tabular model and make no attempt for manual conversion,
- Staff training.
10 Common symbols of the information campaign

10.1 € sign

10.2 Common logo and slogan

[€ OUR money] NAŠA mena
### 11 Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Big Bang</strong></td>
<td>Simultaneous introduction of the euro into cash as well as non-cash circulation, without a transitional period.</td>
</tr>
<tr>
<td><strong>BRIBOR</strong></td>
<td>Bratislava Inter Bank Offered Rate</td>
</tr>
<tr>
<td><strong>EURIBOR</strong></td>
<td>Euro Inter Bank Offered Rate</td>
</tr>
<tr>
<td><strong>SKONIA</strong></td>
<td>Slovak Overnight Index Average</td>
</tr>
<tr>
<td><strong>EONIA</strong></td>
<td>Euro Overnight Index Average</td>
</tr>
<tr>
<td><strong>MRO</strong></td>
<td>Main refinancing operation of the ECB.</td>
</tr>
<tr>
<td><strong>€ Day</strong></td>
<td>Day of introducing euro into circulation, in Slovakia on 1 January 2009.</td>
</tr>
<tr>
<td><strong>Pension unit</strong></td>
<td>Value of the client investment in the old-age pension saving system, which is expressed in units that are regularly valued.</td>
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<tr>
<td><strong>Dual display of prices</strong></td>
<td>Expression of money values in both koruna and euro, or reporting the monetary amounts in parallel in both currencies.</td>
</tr>
<tr>
<td><strong>Dual marking</strong></td>
<td>Provision of information on the dual display of prices to the citizen. The manner of dual display in individual cases will differ depending on the type of good or service provided.</td>
</tr>
<tr>
<td><strong>Dual statement</strong></td>
<td>A statement for clients and citizens, in which the values will be stated in a dual mode.</td>
</tr>
<tr>
<td><strong>Dual circulation</strong></td>
<td>The period, during which it will be possible to pay both in euro and Slovak koruna in Slovakia.</td>
</tr>
<tr>
<td><strong>ERM II (Exchange Rate Mechanism II)</strong></td>
<td>Exchange rate mechanism, in which the currency of each country must operate for at least 2 years prior to the convergence assessment. The aim of this mechanism is to prepare the economy for functioning in the monetary union.</td>
</tr>
<tr>
<td><strong>Euro-Partner</strong></td>
<td>Any commercial or non-commercial entity which undertakes to cooperate, within its ordinary business, over the certain time period, on issues related to the introduction of the new currency. This entity will develop these activities at its own expense and thus obtain the right to use the official Euro-Partner logo throughout the communication campaign.</td>
</tr>
<tr>
<td><strong>Umbrella law</strong></td>
<td>The main legal rule giving the basic legal framework for the euro introduction in Slovakia – Act No. 659 on the introduction of the euro in the Slovak Republic and on the amendment of certain acts.</td>
</tr>
<tr>
<td><strong>Harmonization of law</strong></td>
<td>Harmonization of Slovak legal standards with European legal standards.</td>
</tr>
<tr>
<td><strong>HICP</strong></td>
<td>The Harmonized Index of Consumer Prices is a price level indicator used in the EU, enabling an objective comparison of inflation in individual countries on the same basis.</td>
</tr>
<tr>
<td><strong>IBAN</strong></td>
<td>International Bank Account Number. Its purpose is to enable automatic processing of cross-border payments.</td>
</tr>
<tr>
<td><strong>Implementation of law</strong></td>
<td>Transposition of European legal standards into the Slovak legal regulations.</td>
</tr>
<tr>
<td><strong>Conversion rate</strong></td>
<td>Conversion rate determined by the EU Council, by which values in koruna are converted to euro.</td>
</tr>
<tr>
<td><strong>Nominal value</strong></td>
<td>Nominal value of securities, e.g. shares.</td>
</tr>
<tr>
<td><strong>Unjustified price increase</strong></td>
<td>An increase in prices not caused by market forces, but by abusing a dominant position or weak consumer knowledge.</td>
</tr>
<tr>
<td><strong>POS (Point of sale) terminal</strong></td>
<td>A payment terminal which makes possible payments by debit or credit cards.</td>
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<tr>
<td>Term</td>
<td>Description</td>
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<td>-------------------------------------------</td>
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</tr>
<tr>
<td>Transition period</td>
<td>A period between the introduction of non-cash and cash euro. When the euro area was established, this transitional period lasted from 1 January 1999 to 31 December 2001. Slovakia does not plan any transitional period.</td>
</tr>
<tr>
<td>PRINCE</td>
<td>Partnership programme enabling to use European Commission funds for co-financing selected communication projects and information materials.</td>
</tr>
<tr>
<td>Re-denomination</td>
<td>Re-calculation of the registered capital and nominal values of shares (including stocks), which are expressed in koruna, to euro.</td>
</tr>
<tr>
<td>SIPS (Slovak Interbank Payment System)</td>
<td>Interbank payment system of the Slovak Republic, which processes all non-cash payments in Slovak koruna.</td>
</tr>
<tr>
<td>Statutes of the ECB</td>
<td>Basic ECB rules, component of the Treaty establishing the European Community.</td>
</tr>
<tr>
<td>TARGET2</td>
<td>Trans-European Automated Real-Time Gross Settlement Express Transfer System 2. It is a system covering the European territory, serving to clear payments in euro in real time.</td>
</tr>
<tr>
<td>Perceived inflation</td>
<td>Inflation according to the consumers estimates, measured by public opinion surveys.</td>
</tr>
<tr>
<td>Derogation</td>
<td>Temporary relief for an EU Member State from the obligation to introduce euro as the legal tender. The derogation may be abrogated by the EU Council.</td>
</tr>
</tbody>
</table>


12 List of abbreviations

CDCP  Central Securities Depositary
CPI   Consumer price index
ECB   European Central Bank
EC    European Community
EU    European Union
MDPaT Ministry of Transport, Posts and Telecommunications of the Slovak Republic
MF SR  Ministry of Finance of the Slovak Republic
MH SR  Ministry of the Economy of the SR
MPSVaR SR Ministry of Labour, Social Affairs and Family of the Slovak Republic
MS SR  Ministry of Justice of the Slovak Republic
MŠ SR  Ministry of Education of the Slovak Republic
MV SR  Ministry of the Interior of the Slovak Republic
MZ SR  Ministry of Health of the Slovak Republic
NBS   Národná banka Slovenska (National Bank of Slovakia)
NCC   National Coordination Committee
OeNB  Austrian National Bank (Österreichische Nationalbank)
SBA   Slovak Banking Association
SOI   Slovak Commerce Inspection
SOPK  Slovak Chamber of Commerce and Industry
SRo   Slovak Radio
STV   Slovak Television
VÚC   Upper tier territorial unit
WCC   Working Committee for Communication
ZMOS  Association of towns and municipalities of Slovakia