

COMMISSION FOR THE COORDINATION OF THE ADOPTION OF THE
EURO IN THE REPUBLIC OF LITHUANIA

NATIONAL CHANGEOVER PLAN

Second version

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I. GENERAL PROVISIONS

1. The aim of the National Changeover Plan is to envisage the key elements for the changeover from the litas to the euro in the Republic of Lithuania and the measures to ensure the protection of consumer interests, a smooth changeover and public awareness.
2. The National Changeover Plan has been prepared having regard to the practice of the European Union countries in adopting the euro, the decisions adopted at European and national levels, as well as evaluating the experience gained through the re-introduction of the litas in the Republic of Lithuania in 1993.
3. The National Changeover Plan has been prepared in close cooperation with the euro adoption working groups (Prime Minister of the Republic of Lithuania Decree No 204 On the Approval of the Composition of Working Groups for Analysing Different Issues Related to the Adoption of the Euro in the Republic of Lithuania and Adoption of Decisions of 12 August 2005), which include the representatives of Government institutions, the Bank of Lithuania, consumer, employer and business associations. The Plan establishes the key principles, elements, the timetable for the euro adoption, indicates areas of responsibility of individual sectors, preparation and measures for consumer protection.

II. LEGAL FRAMEWORK

EU Legal Framework

4. The criteria of the euro adoption and the procedures for adopting the decisions on the euro adoption have been established by the Treaty Establishing the European Community and Protocols thereof (hereinafter referred to as “the Treaty”). Article 122(2) of the Treaty establishes that at least once every two years, or at the request of a Member State with a derogation defined in this Article (hereinafter referred to as “the derogation”), the European Commission and the European Central Bank in accordance with the procedure laid down in Article 121(1) of the Treaty shall prepare reports on convergence that assess whether the Member States meet all economic and legal criteria of the euro adoption. Decisions to abrogate a derogation, a euro adoption date and the irrevocably fixed conversion rate between the euro and the national currency shall be adopted by the EU Council on the basis of the procedures laid down in Articles 121-123 of the Treaty.
5. The adoption of the euro and its use in the Member States of the euro area is regulated by the following EU Council Regulations:
 - Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro,
 - Council Regulation (EC) No 2866/98 of 31 December 1998 on the conversion rates between the euro and the currencies of the Member States adopting the euro, and
 - Council Regulation (EC) No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro.

In order to facilitate the introduction of the euro by the new EU Member States, the EU Council has adopted Council Regulation (EC) No 2169/2005 of 21 December 2005 amending Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro.

6. After the EU Council adopts a decision on the abrogation of a derogation of the Republic of Lithuania, Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro will be amended, where the euro adoption date in the Republic of Lithuania and the cash changeover date in the Republic of Lithuania will be determined, and it will be indicated whether a “phasing-out” period will be applied in the Republic of Lithuania.

Legal Convergence

7. Aiming at a full harmonisation of the national legislation of the Republic of Lithuania with Articles 108 and 109 of the Treaty, the Statute of the European System of Central Banks and of the European Central Bank and after consulting the European Central Bank and the European Commission, draft Laws on the Amendment to Article 125 of the Constitution of the Republic of Lithuania and on the Amendment to the Law of the Republic of Lithuania on the Bank of Lithuania have been prepared.
 - On 20 January 2006 the Seimas of the Republic of Lithuania approved the amendments to the Constitution of the Republic of Lithuania necessary for the adoption of the euro. The second vote, which may be taken in three months at the earliest, is envisaged in April 2006.
 - The Republic of Lithuania Law on the Amendment to the Law on the Bank of Lithuania is envisaged to be adopted by the Seimas of the Republic of Lithuania in April 2006.

Adaptation of National Legislation to the Changeover

8. The draft Law of the Republic of Lithuania on the Adoption of the Euro has been prepared where the key provisions of the changeover in the Republic of Lithuania (conversion and exchange of the litas to the euro, withdrawal of the litas from circulation, publication of the images of euro banknotes and coins, re-denomination of the nominal value of securities, dual display of prices, etc.) shall be fixed. This Law could be issued only after the EU Council adopts a decision on the euro adoption in the Republic of Lithuania, adopts the irrevocably fixed conversion rate between the litas and the euro and makes appropriate amendments to Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro.
9. By 1 December 2005, public authorities reviewed and identified the legal acts that essentially amend legislation and are to be adopted before the adoption of the euro in the Republic of Lithuania. The draft legal acts shall be submitted to the Government of the Republic of Lithuania by 1 September 2006 at the latest and adopted by 1 December 2006 at the latest. This provision shall be applied to all legal acts unless an earlier preparation term is envisaged.

Groups of legal acts:

- Legal acts that will be in force during the preparation for the adoption of the euro and regulate relations related to an obligatory dual display of prices, sub-frontloading to market participants with the euro, logistics and relations of employment. After the adoption of the euro these legal acts should become invalid.

- Legal acts that will be in force at the moment of the euro adoption and in the dual circulation period and regulate relations related to resolution of possible disputes over the dual circulation, as well as legal acts regulating relations of employment. The aforementioned legal acts would become invalid after the end of the dual circulation period.
 - Legal acts that would ensure the use of the euro for payments and settlements in all sectors of the Lithuanian economy and in the private sector after the adoption of the euro. These are the legal acts related to the abrogation of limitations on the sole use of the litas for payments and settlements established by the national legislation and legal acts valid for the sectors of the economy listed in the Law of the Republic of Lithuania on the Adoption of the Euro in the Republic of Lithuania that shall have to ensure the implementation of the provisions of this Law.
10. Amendments of a technical character to the legal acts (replacing references to the litas with references to the euro) will be carried out after the adoption of the euro in the Republic of Lithuania.

III. COORDINATING BODIES AND MEASURES

11. The main institutions responsible for the adoption of the euro in the Republic of Lithuania shall be the Government of the Republic of Lithuania and the Bank of Lithuania. The preparation of the Republic of Lithuania for the euro adoption shall be coordinated by the Commission for the Coordination of the Adoption of the Euro in the Republic of Lithuania chaired by the Prime Minister of the Republic of Lithuania. The Minister of Finance of the Republic of Lithuania and the Chairman of the Board of the Bank of Lithuania have been appointed as Deputy Chairpersons of the Commission.
12. The National Changeover Plan shall be the main coordinating document on practical preparations for the adoption of the euro. Taking into account the provisions of the National Changeover Plan, public authorities shall plan and implement the necessary practical steps for the adoption of the euro. Practical preparation work of the public authorities has been set forth in the Action Plans Related to the Adoption of the Euro approved by public authorities (that have been prepared in accordance with Seimas of the Republic of Lithuania Resolution No. X-335 “On the Preparation for the Adoption of the Euro” of 7 July 2005 and Government of the Republic of Lithuania Resolution No. 592 “On the Establishment of the Commission for the Coordination of the Adoption of the Euro in the Republic of Lithuania” of 30 May 2005.) Reports by the public authorities on the implementation of the Action Plans Related to the Adoption of the Euro are submitted at least once each quarter to the Commission for the Coordination of the Adoption of the Euro in the Republic of Lithuania.
13. Seven working groups have been set up for analysing various issues relevant to the adoption of the euro: Coordinating Working Group, Cash Working Group, Public Information Working Group, Working Group for the Protection of Consumer Rights and Social Affairs, Business Environment Working Group, Legal Issues Working Group and Information Technology Working Group. The working groups include the representatives from Government institutions, the Bank of Lithuania, consumer, employer and business associations. Information on the implementation of working groups plans at least once a quarter is submitted to the Commission for the Coordination of the Adoption of the Euro in the Republic of Lithuania.

IV. KEY EURO INTRODUCTION PRINCIPLES AND ELEMENTS

PRINCIPLES

Continuity of Contracts

14. The changeover from the litas to the euro will not violate the principle of continuity of transactions and financial instruments. All documents with references to the litas will be valid for the total validity term indicated therein following the changeover. The value in the litas will mean the value in the euro converted by applying the irrevocably fixed conversion rate between the euro and the litas.

Consumer Protection

15. The adoption of the euro shall not be against the economic interests of consumers. All possible measures will be taken to prevent abuse in converting prices, wages, pensions, social security benefits, etc.

Preparation of Economic Entities

16. Economic entities shall be responsible for their organisational preparation for the changeover, including the adjustment of their information systems. The costs incurred by economic entities in relation to the adoption of the euro shall not be reimbursed.

Costs of the Changeover

17. The costs relating the preparation for the changeover the Republic of Lithuania involving the minting of euro coins, exchange of litas banknotes and coins into euro banknotes and coins, restructuring of payment systems, etc. shall be covered by the Bank of Lithuania. The costs of public authorities related to the adoption of the euro shall be reimbursed from the general appropriations of these institutions.

SCENARIO AND TIMETABLE FOR THE CHANGEOVER

18. Given the size of the state, the structure of its financial system and the experience in currency changeover gained by institutions of the Republic of Lithuania through the re-introduction of the litas in 1993, the changeover scenario is envisaged to be carried out without a transitional period (the date of the euro adoption coincides with the date of cash changeover). No “phasing-out” period envisaged.
19. Below is the envisaged timetable for the adoption of the euro in the Republic of Lithuania:

Preparatory period	
May 2006	Convergence Reports 2006 of the European Commission and the European Central Bank
June 2006	EU Council Decision on the abrogation of the derogation and the adoption of the euro in the Republic of Lithuania
June 2006	EU Council Decision on the irrevocably fixed conversion rate between the litas and the euro
June 2006	adoption of the Law on the Adoption of the Euro in the Republic of Lithuania
July 2006	beginning of a voluntary dual display of prices
1 September 2006	beginning of obligatory dual display of prices
2 October 2006	frontloading of euro coins to commercial bank
1 December 2006	frontloading of euro banknotes to commercial banks
Dual circulation period	
1 January 2007	euro adoption date, beginning of the exchange of litas into euro by commercial banks and the Bank of Lithuania free of charge
16 January 2007	the euro as the single legal tender
After the end of the dual circulation period	
1 March 2007	end of the exchange of litas into euro by commercial banks free of charge
1 May 2007	end of the period of the obligatory dual display of prices

EURO ADOPTION DATE

20. 1 January 2007, Monday, has been selected as the date for the adoption of the euro in the Republic of Lithuania. This position has been adopted by evaluating the factor of the start of the new period of accounting and the fiscal year (that will enable to avoid extra labour costs and a higher risk of errors related to the handling of accounts and calculation of taxes and wages within the same year in the litas and the euro). A usually lower economic activity and lower cash demand at the beginning of the year have also been taken into consideration (to facilitate the changeover process and minimise the risk of disruptions in the order of the economic life). Furthermore, the “longer weekend” will also serve as an advantage providing better possibilities for filling automated teller machines with euro banknotes, performing the necessary adaptations of automated points of sale and of information systems, and completing other logistic preparations. Moreover, 1 January is a favourable symbolic moment that will contribute to the information campaign and help the public to accept the single currency of the European Union.

CONVERSION OF THE LITAS INTO THE EURO AND ROUNDING

21. From the euro adoption date, every reference in legal acts, contracts and other documents to the litas shall be considered a reference to the euro, and amounts in litas shall be considered amounts in euro as converted at the irrevocably fixed conversion rate between the euro and the litas. The irrevocably fixed conversion rate between the euro and the litas will be adopted in the EU Council Regulation amending EU Council Regulation (EC) No 2866/98 of 31 December 1998 on the conversion rates between the euro and the currencies of the Member States adopting the euro.
22. Conversion of the amounts in litas into euro and rounding at the moment of the euro introduction will be carried out in accordance with the provisions of EU Council Regulation No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro: in converting the litas into the euro the irrevocably fixed conversion rate between the euro and the litas that consists of 6 significant figures and is set by the EU Council shall be applied; in making conversions this rate could not be truncated or rounded; the irrevocably fixed conversion rate between the euro and the litas shall be used both in converting the litas into the euro (dividing by the rate) and in converting the euro into the litas (multiplying by the rate), however, the inverse rate can not be used; amounts to be paid or accounted for as converted into the euro shall be rounded to the nearest euro-cent by applying an arithmetic rounding rule.
23. Tariffs, valuations, commissions, and other similar amounts that are not final amounts to be paid at the moment of the euro introduction shall be converted into the euro and expressed with an accuracy of at least four decimals. More accurate principles of

expression may be applied by institutions under their own legal acts or by parties subject to mutual agreements. Rounding to two decimals shall be carried out only after estimating the final monetary amount to be paid or accounted for.

24. New amounts of levies, fines or other similar payments (rounded up to the euro or as another amount convenient for use) may be established by institutions under their legal acts or by parties subject to mutual agreements. In establishing new amounts of levies, fines or other similar amounts, the digression from those amounts resulting after the conversion at the irrevocably fixed conversion rate between the euro and the litas shall be minimum, i.e., the adoption of the euro shall not become a pretext for increasing the amounts of levies, fines and similar amounts.
25. When rounding the amounts that are not final amounts to be paid or establishing new amounts, the principle of continuity of contracts shall not be violated, i.e., the final amount set in the contract shall not be influenced.
26. When converting wages, pensions and other social security benefits, they shall be rounded to the benefit of the recipient (in cases when the figure following the last figure is bigger than zero, the last figure shall be increased by one) or a new amount shall be determined, provided that it is not lower than the amount obtained by converting the amount in litas into euro).
27. The procedure laid down in this part shall be applied to all cases of conversion of the litas into the euro and rounding unless legal acts state otherwise.

DUAL CIRCULATION PERIOD

28. From the euro adoption date, the euro will become the single legal tender, except for the defined dual circulation period of 15 calendar days, when payments in litas banknotes and coins will be allowed. The duration of the dual circulation period has been proposed after estimating the technical capacity of frontloading to banks and commercial enterprises with the euro and collecting the litas, the practice of the euro area countries in adopting the euro, and the experience of the Republic of Lithuania gained through the re-introduction of the litas. During the dual circulation period, the larger part of litas banknotes and coins will be exchanged into euro banknotes and coins or spent when purchasing goods or services.
29. At automated trading (service providing) sites, where inflows are registered and goods are sold (services are provided) without a cashier or another employee, from the euro adoption date payments will be possible only in one currency – either the euro or the litas. After the expiry of the dual circulation period, payments at automated trading (service providing) sites may only be carried out in the euro.

EXCHANGE OF THE CURRENCY

30. When exchanging litas cash into euro cash, the irrevocably fixed conversion rate between the litas and the euro approved by the EU Council shall be applied. As of the euro adoption date in the Republic of Lithuania, conversion of litas cash into euro cash and rounding will be carried out in accordance with the provisions of Council Regulation (EC) No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro (see Paragraph 22).
31. Commercial banks will exchange litas cash into euro cash free of charge for 60 calendar days after the euro adoption date, and the Bank of Lithuania for an unlimited period.

DUAL DISPLAY OF PRICES

32. In order to ease the transition to the euro as a new measure of value it is recommended to use a voluntary dual display of prices as early as possible after the EU Council makes a decision on the adoption of the irrevocably fixed conversion rate between the euro and the litas.
33. An obligatory dual display of prices encompasses 120 calendar days before and 120 calendar days after the euro adoption date. The form and means for dual display of prices shall be selected by the seller of goods or the provider of services. The final price of a product or a service, which should be paid by the consumer, shall be displayed both in the euro and in the litas. Dual display of prices should be easily understandable, non-misleading and should not contain any unnecessary information.
34. Conversion of prices in litas into the euro (before the date of the euro adoption) and of prices in euro into the litas (as of the date of the euro adoption) and rounding will be carried out in accordance with the provisions of Council Regulation (EC) No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro (see Paragraph 22).
35. In energy, communal utility and maintenance bills or payment notices submitted to consumers of enterprises supplying energy (electricity, heating, hot and cold water, gas) and rendering communal utility services, associations of apartment administering enterprises and owners it will be obligatory to display amounts to be paid in the litas and the euro. Information on energy and service prices in the litas and the euro, and amounts to be paid over this period upon the choice of the provider shall be provided on the same bills or payment notices or on an additional page submitted together with bills or payment notices.

V. PRACTICAL PREPARATION

PUBLIC SECTOR

Redenomination of Securities

36. Taking into account the practice of the euro area countries, the nominal value of securities of the Government of the Republic of Lithuania (hereinafter referred to as “GS”) will be redenominated according to the amount of a particular GS, and a new nominal value of GS will be established as equal to 1 euro cent per unit. The nominal value of all GS issued in litas will be redenominated by dividing the total nominal value of the securities held in each individual account of the particular investor, according to each security issue identification code, by the irrevocably fixed conversion rate, multiplying it by 100 and rounding to the last whole figure. The result obtained will represent the number of the securities with the nominal value of one eurocent held by the given investor. This is a technically simple and transparent method without any additional expenses for covering rounding differences that may be required if of other methods are applied. This method ensures the lowest possible impact of the redenomination on the value of securities.
37. The procedure for the redenomination of Government securities will be applied also to other non-material debt securities, unless in the documentation of the issue another procedure for the redenomination of the nominal value was envisaged.
38. The nominal value of convertible bonds will be redenominated for each bond individually. Its nominal value will be divided by the irrevocably fixed conversion rate between the euro and the litas and rounded to two decimals, since the rate, at which convertible bonds are exchangeable into shares, shall have to remain unchanged.
39. The nominal value of equity securities shall be redenominated by dividing the total nominal value in litas of the issued securities of the same class and of the same nominal value by the irrevocably fixed conversion rate between the euro and the litas and by the number of the issued securities of the same class and of the same nominal value and rounded to two decimals. The redenominated nominal value of equity securities shall be indicated in euro at the accuracy of euro cents.
40. The value of membership contributions and participations shall be redenominated for each membership contribution or participation individually at the irrevocably fixed conversion rate between the euro and the litas.
41. By 1 July 2006, the Ministry of Economy of the Republic of Lithuania will prepare a draft Law regulating the procedure for converting authorised capital and securities into the euro, amending the Statutes of public limited and private limited companies.

Taxes

42. Amounts payable (repayable) and other amounts specified in tax returns for tax periods beginning as of the euro adoption date, as well as for those tax periods that begin before the euro adoption date and expire after the euro adoption date, shall be displayed in euro.
43. Tax amounts specified in verification deeds, decisions on the approval of a verification deed as of the euro adoption date will be indicated in euro, irrespective of the period for which tax amounts are estimated.
44. Tax amounts overpaid during all the tax periods as of the euro introduction date will be repaid to tax payers in euro.
45. All taxpayer arrears and overpayments emerged in litas will be converted at the euro adoption date at the irrevocably fixed conversion rate between the euro and the litas.
46. By 1 December 2006, by the Order of the Minister of Finance new standards of wrappers intended for marking cigarette packs will be approved, where the maximum retail price will be indicated in euro. Goods in circulation carrying the maximum retail price on the wrapper indicated in litas may not be sold at a higher price in euro as of the euro adoption date as converted at the irrevocably fixed conversion rate between the euro and the litas.

Adaptation of Accounting

47. As of the euro adoption date, economic entities will keep records of their economic transactions and operations in euro. As of the euro adoption date, accounting documents will have to be issued by indicating the amounts in euro.
48. Economic entities, whose financial year coincides with the calendar year, will prepare their financial statements for the year 2006 in litas. As of the euro adoption date, assets, liabilities and property have to be denominated in euro. Economic entities, whose financial year does not coincide with the calendar year and whose financial statements are to be drawn up as of the date which comes after the euro adoption date, will draw up their financial statements in euro. Data denominated in litas of the previous accounting periods of financial statements drawn up in the euro have to be converted and indicated in euro.
49. By 1 September 2006, the state enterprise Institute of Accounting of the Republic of Lithuania will prepare the Business Accounting Standard establishing requirements for accountancy and financial accounting.

Adjustment of Information Systems

50. By 1 January 2007, information systems will be adjusted to process data in the euro. It is recommended to aim that the existing functioning of information systems when adjusting the systems for the adoption of the euro should not change.
51. Before the date of euro adoption public authorities, institutions, enterprises and other organisations must prepare to adjust the current business management, accounting, reporting and other information systems for settlements, accounting and reporting and ensure business continuity after the adoption of the euro.
52. By 1 August 2006 at the latest, public authorities, institutions, enterprises and other organisations will, within their field of activity, prepare new document forms and inform data providers, consumers and clients on the changes related to the adoption of the euro.
53. On 1 January 2007 all balances in assets, liabilities, property and other amounts in litas will have to be converted into the euro, and the data in litas will have to be saved theretofore.
54. Different documents of reporting character (financial, statistical and other types of reports, declarations, statements, etc.) for 2006 and, if required, for earlier periods, irrespective of the data submission date, shall be prepared and submitted to public authorities by indicating amounts in litas, and documents in the formation of which data for 2007 or subsequent year are used shall be prepared by indicating amounts in euro.
55. It is recommended that as from 1 January 2007 the algorithms in information systems used in carrying out financial calculations or forming reporting documents should not be changed and the data for 2006 or preceding periods should be used after the conversion into the euro. A public authority when transferring the data to another public authority electronically shall not convert the amounts accepted in litas (or euro) into the amounts in euro (or litas).
56. It is recommended that during the preparatory period for the changeover and after the changeover, if required, data in two currencies should be provided, intermediate calculations in litas (before 1 January 2007) and in euro (from 1 January 2007) should be carried out and only final amounts should be converted into another currency, with no requirement to store these values in information systems.
57. By April 2006, public authorities are obliged to prepare the internal procedures for the adjustment of information systems for the euro introduction and constantly provide information to the Information Technology Working Group on the process of the preparation of information systems.
58. The private sector is recommended to review and prepare business management, accounting, reporting and other systems, the functioning of which may have influence in ensuring a smooth changeover process and business continuity after the adoption of the euro.

Statistics Harmonisation

59. The Department of Statistics under the Government of the Republic of Lithuania, the Bank of Lithuania, the Ministry of Finance of the Republic of Lithuania and other public authorities managing the official statistics, under the guidance of the Department of Statistics, will adjust the procedures for managing the statistics and the rules for converting statistical data and aggregates from the litas to the euro; will prepare the measures for collecting statistical data, preparation and distribution of statistical information, and other measures for the management of statistics. Preparation for publishing statistical information in the euro after the euro adoption date will be done. Historical time series in litas will be converted to the euro. The publications will indicate which rate between the euro and the litas is used – the irrevocably fixed conversion rate between the euro and the litas or the historical one. It is recommended that publication of historical time series in litas referring to the period before the adoption of the euro on Internet websites should be continued.

By 1 November 2006 the statistics harmonisation procedure will be approved by the Order of the Director General of the Department of Statistics under the Government of the Republic of Lithuania.

Prepaid Items (Transport Tickets, Postage Stamps, etc.)

60. Tickets of passenger transportation by sea, railway and road on long-distance, suburban and local routes where the nominal value of a ticket is displayed in litas will be valid for 4 months following the euro adoption date.

Air transport tickets where the nominal value of a ticket is displayed in litas will be valid for 6 months following the euro adoption date.

61. Postage stamps (postage stamps valid in the Republic of Lithuania, post blocks, stamped envelopes and cards (postcards) and stamp aerogrammes), the nominal value of which is displayed in litas will be valid for 4 months following the euro adoption date.

62. Sellers of transport tickets and postage stamps, the value of which is displayed in litas, will be obliged to inform consumers on the validity term of these transport tickets and postage stamps for 120 calendar days before the euro adoption date and as of the euro adoption date.

Municipalities

63. Municipalities should ensure a smooth functioning of the areas operated by them, especially the public transport, during the changeover. It is recommended for public service enterprises founded by municipalities to prepare action plans wherein a special notice should be given to the activities carried out during the dual circulation period.
64. In order to avoid price increases in public administration and public services sectors ascribed to the competence of municipalities, it is recommended that the municipalities should review and amend all contracts made with public service providers by 15 October 2006 in a way that would ensure that payments for public services rendered are rounded to the benefit of residents and are not increased at the moment of the euro adoption.
65. Government representatives in counties shall carry out the administrative monitoring of the preparation by municipalities for the euro adoption.

BANK OF LITHUANIA

Euro banknotes and coins

66. The Bank of Lithuania will be the institution responsible for timely provision of euro banknotes and coins. During the preparatory period, the Bank of Lithuania will coordinate with the European Central Bank and the national central bank of the state which will supply the euro banknotes, the legal and logistics aspects of the acquisition of euro banknotes. The euro banknotes borrowing agreement will be signed with the European Central Bank. Euro coins for the Republic of Lithuania are planned to be minted by the private limited company Lithuanian Mint (hereinafter referred to as the Lithuanian Mint). The Lithuanian Mint will be prepared to mint euro coins before the adoption of the EU Council Decision on the abrogation of the derogation and the euro adoption date in the Republic of Lithuania.
67. On 24 February 2005 the Board of the Bank of Lithuania approved plaster models to be used for the national side of euro coins. The symbol of the national emblem, the Vytis, surrounded with 12 stars will be depicted on the national side of all the denominations of euro coins, along with the inscription Lietuva and the year of issue. The design elements on the national side (obverse side) on circulating euro cent and euro coins meet the recommendations for the national side of euro coins approved by the EU Council and are coordinated with the European Commission, and the images of the national side will be published in the Official Gazette (Valstybės žinios) and the EU Official Journal.
68. Preparation work for cash changeover is carried out following the Action Plan of the Cash Working Group. A draft Cash Changeover Plan was prepared in September 2005, at the moment a second revised version of Cash Changeover Plan is under preparation.
69. The Bank of Lithuania will be prepared for the frontloading of euro banknotes to commercial banks by 1 December 2006 at the latest. After the evaluation of demand for euro coins in the Republic of Lithuania and the technically complicated frontloading process of euro coins, the Bank of Lithuania will be prepared for the frontloading of euro coins to commercial banks by 1 October 2006 at the latest. The preparation for the frontloading of euro banknotes and coins shall be carried out in accordance with the Action Plan of the Cash Working Group.
70. In implementation of the Action Plan of the Cash Working Group, the Bank of Lithuania will, before the frontloading of euro banknotes and coins, coordinate with commercial banks the demand for frontloaded euro banknotes and coins, the denomination structure, and terms for their frontloading. After the evaluation of the demand for dispensed euros, the Bank of Lithuania will prepare the specifications of the frontloading of euro banknotes and coins to commercial banks and will sign agreements. Commercial banks will settle with the Bank of Lithuania for the frontloaded euro banknotes and coins using the deferred debiting model in accordance with the rules for frontloading approved by the

Board of the Bank of Lithuania. The draft rules for frontloading have been prepared taking into account the needs and requests of commercial banks.

71. The amounts frontloaded to commercial banks shall have to be sufficient for sub-frontloading of commercial bank customers, first of all, trade enterprises and post offices, with cash. The legal basis of the contracts for the sub-frontloading is the rules for frontloading where the main terms and requirements of such contracts are laid down. It is recommended to exercise the payment for the sub-frontloaded euro banknotes and coins according to the analogous deferred debiting model. The Bank of Lithuania and the Association of Lithuanian Trade Enterprises shall coordinate the actions of the Lithuanian trade enterprises and commercial banks in preparation for the sub-frontloading.
72. Taking into account the technically complicated logistics of the withdrawal of the national currency, the litas, from circulation, the Bank of Lithuania is analysing the facilities and expedience of creating a network of coin counting devices. Given a relatively small quantity of banknotes (about 67 million), the current infrastructure of commercial banks and capacities of banknote processing are sufficient for smooth acceptance and processing of banknotes. Due to limited possibilities of commercial banks in accepting and processing litas coins that account for more than 1,300 tons, the possibilities of delivering the coins to be withdrawn directly to the Bank of Lithuania are analysed with trade enterprises. It is planned that during the dual circulation period the population will exchange at least 80% of the litas in circulation. A smooth exchange of the litas into the euro in district centers will be ensured by the existing developed commercial bank branch network (about 650 branches).
73. In order to create convenient possibilities of changeover for the population in small towns and villages, small entrepreneurs and city population who will have failed to exchange currency in commercial banks during the cash exchange period free of charge, the network of the Lithuanian post offices will be made available (950 post offices covering the entire territory of the country).
74. The issues of ensuring security in preparing for the euro adoption and during the changeover shall be coordinated with the Working Group of the Ministry of the Interior of the Republic of Lithuania.
75. The Bank of Lithuania, seeking to inform the public and cash handlers on the new currency and to envisage measures for the prevention of counterfeiting, has developed material for a training programme for cash handlers. Training levels are coordinated further; the material will be selected in accordance with knowledge requirements, professional experience and education. After the evaluation of the number of cash handlers to be trained, the introductory stage of the training programme will present the initial training about the design and security features of euro banknotes and coins, while at later stages cash handlers will get technical information and participate in practical training ensuring proper use and consolidation of their knowledge.
76. The Bank of Lithuania, in coordination with commercial banks, is implementing measures aimed at reducing the volume of cash in circulation. It is envisaged to organise

withdrawal of coins from circulation, to promote the withdrawal of coins accumulated by legal and natural persons as early as possible, to exchange piggy coins of private persons at the branches of the Bank of Lithuania without limitations on amounts, and to call for participation in various saving programmes.

77. During the dual circulation period, the group for monitoring the process of cash changeover will monitor the implementation of the Cash Changeover Plan, i.e. the process of the litas cash exchange and withdrawal of the litas from circulation, and promptly deal with any cash-related matters.

Payment System

78. In the environment of the interbank payments system *LITAS*, two systems for settlements in euro will be developed: a real-time system to be linked to the EU payment system TARGET, and a designated-time retail payments system. As of 1 January 2007, both systems will process payments in the euro only.

Exchange Rates

79. As of the euro adoption date, the Bank of Lithuania will announce in the Republic of Lithuania the exchange rates between the euro and the major foreign currencies set by the European Central Bank. The exchange rates between the euro and other foreign currencies will be set and published by the Bank of Lithuania.

COMMERCIAL BANKS

80. Commercial banks as well as foreign banks operating within the territory of the Republic of Lithuania (in this Plan referred to as commercial banks) shall be fully prepared and adequately adjust their information and other internal systems to be able to properly inform and serve their customers.
81. Commercial banks shall, during the dual circulation period, be recommended to envisage organisational measures (a flexible work schedule, staff for special temporary work, etc.) and to encourage their customers to launch the return of litas coins accumulated by legal and natural persons as early as possible.

The Exchange of the Litas

82. Commercial banks shall be prepared to meet the demand of legal and natural persons for euro banknotes and coins. As of the euro adoption date, commercial banks will dispense only euro banknotes and coins and stop dispensing the litas banknotes and coins.
83. Commercial banks will be exchanging litas into euros free of charge within the period of 60 calendar days after the euro adoption date. Upon the expiry of this period, commercial banks will be entitled to charge a fee fixed by themselves for the exchange of litas into euros.

Customer Accounts

84. On the euro adoption date, deposits and other amounts held in all customer accounts with the credit institutions will be converted into euro free of charge, applying the irrevocably fixed conversion rate between the euro and the litas and complying with the conversion and other requirements established by EU legislation.

Interest Rates

85. As of the euro adoption date, every reference in legal acts, contracts and other documents to VILIBOR interbank interest rates (*Vilnius Interbank Offered Rate*) shall be read as a reference to EURIBOR (*Euro Interbank Offered Rate*), except for overnight loan interest rates. References to the overnight VILIBOR shall be read as references to EONIA (*Euro Overnight Index Average*). Contracts may contain other provisions at the agreement of the parties. Where a reference in contracts or other documents to VILIBOR refers to a period that starts before and ends after the euro adoption date, this expression of interest rates shall be used until the end of the period for which it has been calculated, unless the parties agree otherwise.

Automated Teller Machines (ATMs)

86. Commercial banks shall prepare thoroughly the infrastructure of ATM network to dispense euro banknotes and to assure that starting from 1 January 2007 ATMs owned by them are filled only with euro banknotes. Commercial banks shall ensure that low denomination euro banknotes should prevail in the denomination structure of dispensed euro banknotes.

RETAIL TRADE

87. Commercial enterprises shall prepare and train their personnel to work during the dual circulation period.
88. Pursuant to principles for dual display of prices laid down in Paragraphs 28–30, sellers of goods (providers of services) shall start displaying prices of goods (services) in the euro and the litas at least 120 calendar days before the euro adoption date. During the dual circulation period, prices in the euro and the litas shall be amounts to be paid in the currency of the customer's preference.
89. Conversion of prices shall be performed according to the conversion and rounding rules established in Paragraph 22; however, the rounding down of the final price of a good (service), i.e. the amount to be paid, to the benefit of a consumer will not be considered a violation of price conversion rules.
90. During the dual circulation period, sellers shall display prices both in the litas and the euro and accept payments in the euro and the litas, but change should be preferably given in the euro only. Consumers will be encouraged to use more extensively payment cards and electronic payment methods.
91. During the dual circulation period, receipt and expenditure vouchers, cash payment/acceptance vouchers, cash register receipts will indicate amounts, where possible, in both litas and euro. Where prices and amounts on a cash register receipt are not indicated in both litas and euro, then as of the euro adoption date it will be considered that prices and amounts printed on a cash register receipt are in euro, irrespective of the name of the currency indicated in that cash register receipt.
92. Business organisations will be encouraged to adopt the Code of Good Business Practice by signing (declaring) which economic entities shall undertake the commitment:
 - to convert prices in the correct manner;
 - not to profit from the adoption of the euro by increasing prices;
 - not to conclude agreements that restrict competition;
 - to respect the commitment to non-discrimination on the basis of the currency;
 - to accept the litas and seek to give change only in euro during the entire dual circulation period;
 - to organise the dual display of prices in the manner convenient to a customer, to refrain from big sell-outs and etc;

Those commercial enterprises which make a public declaration on following the Code of Good Business Practice and do so will be authorised to use a special logo of the Code (in advertisements, details of the company, etc.).

VI. CONSUMER PROTECTION

93. Dual display of prices shall serve as an important safeguard against potential abuse and manipulation of prices.
94. Dual display of amounts to be paid in litas will help customers get accustomed to the new measure of value. Employers and payers of pensions and social benefits, at the request of the recipient must provide information on payable wages, pensions and social benefits calculated in the euro four months before the euro adoption date.
95. Monetary amounts in euro related to the payment of wages, pensions, social security benefits (minimum hourly rate, minimum monthly wage, basic monthly wage, basic hourly rate, state social insurance basic pension, income insured, minimum level of living, state supported standard, state pension base and etc.) will be set to the benefit of a recipient. The population will be widely informed about the establishment of these rates.
96. After the EU Council decision on the euro adoption in the Republic of Lithuania, a toll-free Euro Hotline will start to function which will provide information on the preparation for the changeover and the planned procedure of the changeover in the Republic of Lithuania. A proper information campaign, mandatory dual display of prices, strictly regulated procedure of conversion of litas into euro and active participation of the public will help to prevent instances of abuse during the litas exchange into the euro.
97. The Public Information and Communication Strategy stipulates that every resident of the country should be familiarised with the denominations of the euro, possibilities of exchanging litas into euro, and the procedure for converting amounts in litas into amounts in euro. This will help consumers to quickly ascertain whether the litas have been correctly converted into the euro (and vice versa). Information to be given by public authorities through mass media and other information channels will be of much help here.
98. Consumers will be encouraged to use electronic methods of payment and to deposit cash in bank accounts. As of the euro adoption date, banks will dispense (pay) cash in euro and not in litas. It is recommended that cash for wages and salaries should be dispensed in low-denomination euro banknotes. Banks shall ensure that from the euro adoption date automated teller machines dispense euro only. Automated teller machines should be filled with a sufficient amount of low-denomination euro banknotes.
99. During the dual circulation period the principle of non-discrimination with regard to the currency shall be observed in determining prices and valuations.
100. In order to avoid unreasonable price increases at the moment of the euro adoption and cases of violating other consumer rights related to the conversion of the litas into the euro the following measures will be implemented:

- Business organisations will be encouraged to adopt the Code of Good Business Practice (Will), upon signing (declaring) which they will take a commitment to convert prices in the correct manner, not to use the adoption of the euro as a pretext for increasing prices and not to violate in other ways the interests of consumers.
- The Department of Statistics under the Government of the Republic of Lithuania will monitor retail price changes. During the period of the dual display of prices, prices in litas and euro will be recorded under the usual procedure, the statistics on price changes of consumer goods and services will be prepared and submitted to the concerned institutions and the public by recording prices in litas and euro and evaluating the impact of price conversion on the overall changes in consumer prices. The retail prices of the “basket” of about 50 main goods of one type and services will be recorded, information on retail prices of the main goods and their changes will be prepared and provided twice a month.
- The National Consumer Right Protection Council will investigate complaints of consumers and detect cases of violating consumer rights.

The public will be constantly informed on the price monitoring results and cases of abuse (on the Internet, in the press).

VII. PUBLIC INFORMATION

101. The Government of the Republic of Lithuania approved Lithuania's Public Information and Communication Strategy for the Adoption of the Euro (hereinafter referred to as the Public Information Strategy) by the Resolution No. 1050 of 29 September 2005. The aim of the Public Information Strategy is to adequately and comprehensively inform about the impact of the euro adoption on the national economy and the population, preparation of the Republic of Lithuania for the euro adoption and the planned procedure for the changeover. The population should also be familiarised with denominations and security features of the future currency of the Republic of Lithuania, the euro.
102. Public authorities in the public information field shall, within their competence, closely cooperate with different business and public organisations. Seeking to fulfil the tasks set in the Public Information Strategy, public authorities shall participate in the implementation of the measures envisaged in the Public Information Strategy, stipulate and implement public information measures of institutions and comprehensively inform the public about the work performed by institutions, within their competence, in preparation for the changeover.
103. The Republic of Lithuania shall, in implementation of the Public Information Strategy, cooperate with EU institutions and the euro area countries. The European Commission has signed the Partnership Agreement with the Republic of Lithuania in the public information field, according to which the European Commission is ready to finance several joint public information measures. An important Lithuania's partner in familiarising the public with euro banknotes and coins, and their security features is the European Central Bank. Seeking to take into consideration the best practice of the euro area countries in the public information field at the time of the euro adoption in these countries, Lithuania cooperates with the institutions of the Netherlands and other euro area countries (the Twinning Programme).
104. Three implementation stages of the Lithuania's Public Information Campaign are envisaged by the intensity of the planned information activities and the relevance of the topics:
- During the launched information campaign, the public will be familiarised with the impact of the single currency on the national economy and the population, information about the fulfilment of legal and economic requirements (convergence criteria) by the Republic of Lithuania, and general information about the euro and the euro area will be disseminated. The information on these subjects will be published in various publications and presented on the websites of institutions; it will involve cooperation with broadcasting companies, distribution of publications, meetings of experts with different society groups, organisation of various training courses.

- Upon the adoption of the EU Council Decision concerning the euro adoption in the Republic of Lithuania, the most intensive part of campaign will be launched. At this stage, the population will be familiarised in detail with the euro introduction procedure, the legislation of the EU and the Republic of Lithuania regulating the euro introduction process, the denominations and value of the single currency, as well as the detailed security features of the euro, etc. Different information measures, such as TV, radio, advertising in the press and on stands; a special information package for all households; a toll-free Euro Hotline; special website; special publications for separate target groups; events, meetings and training courses will be used for the public and its target groups.
- A high level of public information on the introduction of the euro should also be secured after the changeover. Employing the aforementioned information channels, the public will be provided comprehensive information about the changeover process and its results, continued information about the euro banknotes and coins, their security features and analysis of other matters related to the changeover.