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Act on Ratification and Implementation of Treaty Establishing European Stability Mechanism

Passed 30.08.2012

§ 1. Ratification of Treaty

To ratify the annexed Treaty Establishing the European Stability Mechanism (hereinafter *Treaty*) which was signed in Brussels on 2 February 2012.

§ 2. Financial obligation of Estonia and performance thereof

(1) To consent to the shareholding of the Republic of Estonia in the European Stability Mechanism (hereinafter *ESM*) in the amount of 13,020 shares with the nominal value of EUR 1,302 billion of which EUR 148,8 million shall be paid as paid-in capital on the basis of Article 41(1) of the Treaty within five years after entry into force of the Treaty and EUR 1,1532 billion as callable capital upon receipt of a capital call pursuant to the Treaty.

(2) To consent to the increase of the shareholding of the Republic of Estonia in the ESM pursuant to Article 11(1) of the Treaty after the end of the temporary correction of the contribution key for the subscription of the ESM authorised capital stock specified in Article 42(1) and (2) of the Treaty. The contribution key for the subscription of the ESM authorised capital stock shall be based on the shareholding of *Eesti Pank* in the European Central Bank provided for in Article 29 of Protocol (No 4) on the Statute of the European System of Central Banks and of the European Central Bank annexed to the Treaty on the Functioning of the European Union.

(3) The *Riigikogu* shall decide on the making of capital payments pursuant to Article 41(3) of the Treaty.

(4) Upon making of payments on the basis of Article 25(2) of the Treaty, the Republic of Estonia shall not exceed the limits for the financial obligations of the Republic of Estonia specified in subsections 2 (1) and (2) of this Act.

§ 3. Changes in ESM authorised capital stock, maximum lending volume and financial assistance instruments

(1) In order to participate in a vote and to vote on changes in the ESM authorised capital stock on the basis of Article 10(1) of the Treaty, maximum lending volume and financial assistance instruments on the basis of Article 19 of the Treaty, a representative of the Republic of Estonia in the Board of Governors and the Board of Directors of the ESM (hereinafter *representative of the Republic of Estonia*) requires a prior resolution of the *Riigikogu*.

(2) If amendments to the Treaty arise from decisions to change the maximum lending volume or financial assistance instruments, or the ESM authorised capital stock is increased, the Government of the Republic shall submit the amendments to the Treaty to the *Riigikogu* for ratification.

§ 4. National proceedings regarding draft decision specified in Article 13(2) of Treaty

(1) The Government of the Republic shall, pursuant to subsection 152¹(2) of the *Riigikogu* Rules of Procedure and Internal Rules Act, submit to the European Union Affairs Committee of the *Riigikogu* (hereinafter *Committee*) for an opinion a draft decision of principle on grant of financial assistance (hereinafter *decision of principle on grant of financial assistance*) specified in Article 13(2) of the Treaty, whereby the Board of Governors of the ESM shall entrust the European Commission with the task of conducting negotiations for the preparation of a draft memorandum of understanding (hereinafter *memorandum*) specified in Article 13(3) of the Treaty. The representative of the Republic of Estonia is required to adhere to the opinion of the Committee upon voting on a decision of principle on grant of financial assistance.

(2) Proprietary obligations shall not be assumed with regard to the Republic of Estonia and the representative of the Republic of Estonia shall not be authorised to define the conditions of the financial obligation by the forming of an opinion specified in subsection (1) of this section.

(3) The Committee may decide that, in order to participate in a vote and to vote on a decision of principle on grant of financial assistance, the representative of the Republic of Estonia requires a prior resolution of the *Riigikogu*. In such case the Government of the Republic shall submit the corresponding draft resolution of the *Riigikogu*.

(4) The Government of the Republic shall submit a decision of principle on grant of financial assistance to the Committee for an opinion at the earliest opportunity after receipt of the agenda and materials of the meeting of the Board of Governors and the Board of Directors of the ESM where the specified issue is discussed.

§ 5. National proceedings regarding memorandum

(1) In order to participate in a vote and to vote on a draft memorandum, the representative of the Republic of Estonia requires a prior resolution of the *Riigikogu*.

(2) The Government of the Republic may submit a draft memorandum, except a draft memorandum specified in Article 14(2), Article 16(2) and Article 17(2) of the Treaty, to the Committee for an opinion instead of the *Riigikogu* pursuant to subsection 152¹(2) of the *Riigikogu* Rules of Procedure and Internal Rules Act if the publication of the draft memorandum may threaten the purpose of the provision of stability support by the ESM. The Government of the Republic shall justify the submission of the draft memorandum to the Committee.

(3) The provisions of the second sentence of subsection 4 (1) and subsections (3) and (4) of this Act apply to the proceedings regarding the draft memorandum.

§ 6. National proceedings regarding amendments to memorandum

(1) In order to participate in a vote and to vote on amendments to the memorandum, the representative of the Republic of Estonia requires a prior resolution of the *Riigikogu*.

(2) The Government of the Republic may submit draft amendments to the memorandum specified in subsection (1) of this section to the Committee for an opinion instead of the *Riigikogu* pursuant to subsection 152¹(2) of the *Riigikogu* Rules of Procedure and Internal Rules Act if:

- 1) publication of the draft amendments to the memorandum, except to the memorandum specified in Article 14(2), Article 16(2) and Article 17(2) of the Treaty, may threaten the purpose of the provision of stability support by the ESM, or
- 2) the memorandum is amended to an insignificant extent and the amendments are not related to increasing the amount of stability support.

(3) The Government of the Republic shall justify the submission of draft amendments to the memorandum specified in subsection (2) of this section to the Committee.

(4) The provisions of the second sentence of subsection 4 (1) and subsections (3) and (4) of this Act apply to the proceedings regarding draft amendments to the memorandum.

§ 7. Cancellation of emergency reserve fund

(1) In order to participate in a vote and to vote on the cancellation of an emergency reserve fund established on the basis of Article 4(4) of the Treaty (hereinafter *emergency reserve fund*), the representative of the Republic of Estonia requires a prior resolution of the *Riigikogu*.

(2) A prior resolution of the *Riigikogu* is not required if the *Riigikogu* or, in the case specified in this Act, the Committee has approved the draft memorandum in relation to which the emergency reserve fund specified in subsection (1) of this section was established.

§ 8. Notification of *Riigikogu* of ESM operations

(1) The Government of the Republic shall provide an overview on stability support provided by the ESM and on the participation of the Republic of Estonia in the ESM once a year at a sitting of the *Riigikogu*.

(2) The Government of the Republic or, on the authorisation thereof, the Minister of Finance shall immediately notify the *Riigikogu* in writing if:

- 1) an ESM Member submits a request for stability support;
- 2) a decision to cancel the emergency reserve fund is adopted;
- 3) an ESM Member State fails to perform the obligations imposed by the Treaty or on the basis of the Treaty and the risk of realisation of the obligation to pay callable capital assumed with regard of the Republic of Estonia by the Treaty increases significantly.

§ 9.–§ 10.[Sections amending other Acts. Omitted from translation.]

§ 11. Entry into force of Act

This Act enters into force on the day following publication in the *Riigi Teataja*.

Ene Ergma
President of the Riigikogu