

# DECISIONS

## DECISION OF THE EUROPEAN CENTRAL BANK

of 22 October 2013

on transitional provisions for the application of minimum reserves by the European Central Bank following the introduction of the euro in Latvia

(ECB/2013/41)

(2014/4/EU)

THE EXECUTIVE BOARD OF THE EUROPEAN CENTRAL BANK,

Whereas:

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 19.1 and the first indent of Article 46.2 thereof,

(1) The adoption of the euro by Latvia on 1 January 2014 means that credit institutions and branches of credit institutions located in Latvia will be subject to reserve requirements from that date.

Having regard to Council Regulation (EC) No 2531/98 of 23 November 1998 concerning the application of minimum reserves by the European Central Bank <sup>(1)</sup>,

(2) The integration of these entities into the minimum reserve system of the Eurosystem requires the adoption of transitional provisions in order to ensure their smooth integration without creating a disproportionate burden for credit institutions in Member States whose currency is the euro, including Latvia.

Having regard to Regulation (EC) No 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves (ECB/2003/9) <sup>(2)</sup>,

(3) Article 5 of the Statute of the European System of Central Banks and of the European Central Bank implies that the ECB, assisted by the national central banks, collects the necessary statistical information from the competent national authorities or directly from economic agents also to ensure timely preparation in the field of statistics in view of the adoption of the euro by a Member State,

Having regard to Council Regulation (EC) No 2532/98 of 23 November 1998 concerning the powers of the European Central Bank to impose sanctions <sup>(3)</sup>,

HAS ADOPTED THIS DECISION:

Having regard to Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank <sup>(4)</sup>, and in particular Articles 5(1) and 6(4) thereof,

### Article 1

#### Definitions

For the purposes of this Decision, the terms 'institution', 'reserve requirement', 'maintenance period' and 'reserve base' have the same meaning as in Regulation (EC) No 1745/2003 (ECB/2003/9).

Having regard to Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33) <sup>(5)</sup>,

### Article 2

#### Transitional provisions for institutions located in Latvia

1. In derogation from Article 7 of Regulation (EC) No 1745/2003 (ECB/2003/9), a transitional maintenance period shall run from 1 to 14 January 2014 for institutions located in Latvia.

<sup>(1)</sup> OJ L 318, 27.11.1998, p. 1.

<sup>(2)</sup> OJ L 250, 2.10.2003, p. 10.

<sup>(3)</sup> OJ L 318, 27.11.1998, p. 4.

<sup>(4)</sup> OJ L 318, 27.11.1998, p. 8.

<sup>(5)</sup> OJ L 297, 7.11.2013, p. 1.

2. The reserve base of each institution located in Latvia for the transitional maintenance period shall be defined in relation to elements of its balance sheet at 31 October 2013. Institutions located in Latvia shall report their reserve base to Latvijas Banka in accordance with the ECB's reporting framework for money and banking statistics, as laid down in Regulation (EU) No 1071/2013 (ECB/2013/33). Institutions located in Latvia that benefit from the derogation under Article 9(1) of Regulation (EU) No 1071/2013 (ECB/2013/33) shall calculate a reserve base for the transitional maintenance period on the basis of their balance sheets at 30 September 2013.

3. In respect of the transitional maintenance period, either an institution located in Latvia or Latvijas Banka shall calculate such institution's minimum reserves. The party that calculates the minimum reserves shall submit its calculation to the other party allowing sufficient time for the latter to verify it and submit revisions. The calculated minimum reserves, including any revisions thereof, shall be confirmed by the two parties at the latest on 10 December 2013. If the notified party does not confirm the amount of minimum reserves by 10 December 2013, it shall be deemed to have acknowledged that the calculated amount applies for the transitional maintenance period.

4. The provisions of Article 3(2) to (4) shall apply *mutatis mutandis* to institutions located in Latvia so that these institutions may, for their initial maintenance periods, deduct from their reserve bases any liabilities owed to institutions in Latvia, although at the time the minimum reserves are calculated such institutions will not appear on the list of institutions subject to reserve requirements in Article 2(3) of Regulation (EC) No 1745/2003 (ECB/2003/9).

#### Article 3

##### **Transitional provisions for institutions located in other Member States whose currency is the euro**

1. The maintenance period applicable to institutions located in other Member States whose currency is the euro, pursuant to Article 7 of Regulation (EC) No 1745/2003 (ECB/2003/9) shall remain unaffected by the existence of a transitional maintenance period for institutions located in Latvia.

2. Institutions located in other Member States whose currency is the euro may decide to deduct from their reserve base for the maintenance periods from 11 December 2013 to 14 January 2014 and from 15 January to 11 February 2014 any liabilities owed to institutions located in Latvia, even though at the time the minimum reserves are calculated such institutions will not appear on the list of institutions subject to reserve requirements mentioned in Article 2(3) of Regulation (EC) No 1745/2003 (ECB/2003/9).

3. Institutions located in other Member States whose currency is the euro that wish to deduct liabilities owed to institutions located in Latvia shall, for the maintenance

periods from 11 December 2013 to 14 January 2014 and from 15 January to 11 February 2014, calculate their minimum reserves on the basis of their balance sheets at 31 October and 30 November 2013 respectively and report statistical information in accordance with Part 1 of Annex III to Regulation (EU) No 1071/2013 (ECB/2013/33) showing institutions located in Latvia as already subject to the ECB's minimum reserve system.

This shall be without prejudice to the obligation for institutions to report statistical information for the periods concerned in accordance with Table 1 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33), still showing institutions located in Latvia as being banks located in the 'Rest of the world'.

The tables shall be reported in accordance with the time limits and procedures laid down in Regulation (EU) No 1071/2013 (ECB/2013/33).

4. For the maintenance periods starting in December 2013, January and February 2014, institutions located in other Member States whose currency is the euro that benefit from the derogation under Article 9(1) of Regulation (EU) No 1071/2013 (ECB/2013/33) and wish to deduct liabilities owed to institutions located in Latvia, shall calculate their minimum reserves on the basis of their balance sheet at 30 September 2013 and report statistical information in accordance with Part 1 of Annex III to Regulation (EU) No 1071/2013 (ECB/2013/33) showing institutions located in Latvia as already subject to the ECB's minimum reserve system.

This shall be without prejudice to the obligation for institutions to report statistical information for the periods concerned in accordance with Table 1 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) still showing institutions located in Latvia as being banks located in the 'Rest of the world'.

The statistical information shall be reported in accordance with the time limits and procedures laid down in Regulation (EU) No 1071/2013 (ECB/2013/33).

#### Article 4

##### **Entry into force and application**

1. This Decision is addressed to Latvijas Banka, institutions located in Latvia and institutions located in other Member States whose currency is the euro.

2. This Decision shall enter into force on 1 November 2013.

3. In the absence of specific provisions in this Decision, the provisions of Regulations (EC) No 1745/2003 (ECB/2003/9) and (EU) No 1071/2013 (ECB/2013/33) shall apply.

Done at Frankfurt am Main, 22 October 2013.

*The President of the ECB*  
Mario DRAGHI

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