



## OPINION OF THE EUROPEAN CENTRAL BANK

of 12 September 2014

on reserve requirements in connection with the introduction of the euro

(CON/2014/68)

### Introduction and legal basis

On 29 August 2014, the European Central Bank (ECB) received a request from Lietuvos bankas for an opinion on (a) a draft resolution amending the rules on reserve requirements for credit institutions (hereinafter the 'draft amending resolution'), and (b) a draft resolution on the approval of rules on the calculation of the reserve base and reserve requirements for credit institutions (hereinafter the 'draft resolution') (hereinafter collectively referred to as the 'draft resolutions').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and Article 2(2) of Council Decision 98/415/EC<sup>1</sup>, as the draft resolutions relate to instruments of monetary policy of a non-euro area Member State. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

### **1. Purpose of the draft resolutions**

- 1.1 The draft resolutions follow the Council of the European Union's decision, pursuant to Article 140(2) of the Treaty, to abrogate Lithuania's derogation with effect from 1 January 2015<sup>2</sup>.
- 1.2 The draft amending resolution aims to ensure a smooth transition to the Eurosystem's minimum reserves framework. More specifically, it extends the last reserve maintenance period prior to the introduction of the euro in Lithuania until 31 December 2014, and introduces a new method of calculation of reserve requirements for the first two reserve maintenance periods in 2015 pursuant to Regulation (EC) No 1745/2003 of the European Central Bank (ECB/2003/9)<sup>3</sup> (hereinafter the 'Regulation').
- 1.3 The draft resolution will apply from the date of Lithuania's introduction of the euro. It provides that reserve requirements will be calculated and notified in line with the Regulation. It also repeals

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<sup>1</sup> Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

<sup>2</sup> Council Decision 2014/509/EU of 23 July 2014 on the adoption by Lithuania of the euro on 1 January 2015 (OJ L 228, 31.7.2014, p. 29).

<sup>3</sup> Regulation (EC) No 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves (ECB/2003/9) (OJ L 250, 2.10.2003, p.10).

the current rules on reserve requirements for credit institutions<sup>4</sup>, including the draft amending resolution.

## 2. General observations

The ECB welcomes the changes to Lithuanian law to be effected under the draft resolutions as part of the preparations for the introduction of the euro in Lithuania. In terms of monetary policy, which remains a competence of Lietuvos bankas until the introduction of the euro, the draft resolutions should help Lithuanian credit institutions to familiarise themselves with the Eurosystem's requirements and ensure a smooth transition to compliance with the Eurosystem's minimum reserve framework starting from 1 January 2015.

## 3. Reserve maintenance periods in 2015

The ECB understands that the first two reserve maintenance periods in 2015 provided for in the draft amending resolution<sup>5</sup> refer to the maintenance periods set by the Governing Council of the ECB<sup>6</sup> on the basis of Article 7 of the Regulation. The ECB recommends specifying this fact in the draft amending resolution in order to distinguish these maintenance periods from the reserve maintenance periods set by the Board of Lietuvos bankas under the Lithuanian reserve requirements framework<sup>7</sup>, since both types of maintenance periods are referred to in the same legal act.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 12 September 2014.

[signed]

*The President of the ECB*

Mario DRAGHI

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<sup>4</sup> Resolution No 38 of the Board of Lietuvos bankas of 14 March 2002 on the approval of rules on reserve requirements for credit institutions (*Valstybės žinios*, 27.03.2002, No 31-1201).

<sup>5</sup> See new paragraph 44<sup>2</sup> of the rules on reserve requirements, to be introduced by the draft amending resolution.

<sup>6</sup> Press release of 17 July 2014, available on the ECB's website at: [http://www.ecb.europa.eu/press/pr/date/2014/html/pr140717\\_1.en.html](http://www.ecb.europa.eu/press/pr/date/2014/html/pr140717_1.en.html)

<sup>7</sup> These maintenance periods are set out in paragraph 20 of the rules on reserve requirements, to be amended by the draft amending resolution.