

## REGULATION (EC) No 1348/2007 OF THE EUROPEAN CENTRAL BANK

of 9 November 2007

concerning transitional provisions for the application of minimum reserves by the European Central Bank following the introduction of the euro in Cyprus and Malta

(ECB/2007/11)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

branches of credit institutions located in Cyprus or Malta will be subject to reserve requirements from that date.

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 47.2 thereof,

- (2) The integration of these entities into the minimum reserve system of the European Central Bank (ECB) requires the adoption of transitional provisions in order to ensure smooth integration without creating a disproportionate burden for credit institutions in participating Member States, including Cyprus and Malta.

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>,

- (3) Article 5 of the Statute in conjunction with Article 10 of the Treaty establishing the European Community implies an obligation for Member States to design and implement at national level all the appropriate measures to collect the statistical information needed to fulfil the statistical reporting requirements of the ECB and to ensure timely preparation in the field of statistics to adopt the euro.

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>,

- (4) In view of Articles 3.5 and 4.7 of the Rules of Procedure of the European Central Bank, the Governors of the Central Bank of Cyprus and the Central Bank of Malta have been invited to participate in the proceedings leading to the adoption of this Regulation,

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>,

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,

HAS ADOPTED THIS REGULATION:

Having regard to Regulation (EC) No 2423/2001 of the European Central Bank of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13) <sup>(5)</sup>,

*Article 1***Definitions**

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

Whereas:

*Article 2***Transitional provisions for institutions located in Cyprus or Malta**

1. In derogation from Article 7 of Regulation (EC) No 1745/2003 (ECB/2003/9), a transitional maintenance period shall run from 1 January 2008 to 15 January 2008 for institutions located in Cyprus or Malta.

- (1) The adoption of the euro by Cyprus and Malta on 1 January 2008 means that credit institutions and

<sup>(1)</sup> OJ L 318, 27.11.1998, p. 1. Regulation as amended by Regulation (EC) No 134/2002 (OJ L 24, 26.1.2002, 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 333, 17.12.2001, p. 1. Regulation as last amended by Regulation (EC) No 4/2007 (ECB/2006/20) (OJ L 2, 5.1.2007, p. 3).

2. The reserve base of each institution located in Cyprus or Malta for the transitional maintenance period shall be defined in relation to elements of its balance sheet as at 31 October 2007. Institutions located in Cyprus or Malta shall report their reserve base to the Central Bank of Cyprus or the Central Bank of Malta respectively in accordance with the ECB's reporting framework for monetary and financial statistics, as laid down in Regulation (EC) No 2423/2001 (ECB/2001/13). Institutions located in Cyprus or Malta that benefit from the derogation under Article 2(2) of Regulation (EC) No 2423/2001 (ECB/2001/13) shall calculate a reserve base for the transitional maintenance period on the basis of their balance sheet as at 30 September 2007.

3. In respect of the transitional maintenance period, either an institution located in Cyprus or Malta or its respective national central bank 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, if applicable, shall be confirmed by the two parties at the latest on 11 December 2007. If the notified party does not confirm the amount of minimum reserves by 11 December 2007, it shall be deemed to have acknowledged that the calculated amount applies for the transitional maintenance period.

4. Article 3(2) to (4) shall apply *mutatis mutandis* to institutions located in Cyprus so that these institutions may, for their initial maintenance periods, deduct from their reserve bases any liabilities owed to institutions in Cyprus or Malta, 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(2) to (4) shall apply *mutatis mutandis* to institutions located in Malta so that these institutions may, for their initial maintenance periods, deduct from their reserve bases any liabilities owed to institutions in Cyprus or Malta, 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 participating Member States**

1. The maintenance period applicable to institutions located in other participating Member States 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 Cyprus or Malta.

2. Institutions located in other participating Member States may decide to deduct from their reserve base for the maintenance periods from 12 December 2007 to 15 January 2008 and from 16 January to 12 February 2008 any liabilities owed to institutions located in Cyprus or Malta, even though 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).

3. Institutions located in other participating Member States that wish to deduct liabilities owed to institutions located in Cyprus or Malta shall, for the maintenance periods from 12 December 2007 to 15 January 2008 and from 16 January to 12 February 2008, calculate their minimum reserves on the basis of their balance sheet at 31 October and 30 November 2007 respectively and report a table in accordance with footnote 5 of Table 1 of Annex I to Regulation (EC) No 2423/2001 (ECB/2001/13) showing institutions located in Cyprus or Malta 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 (EC) No 2423/2001 (ECB/2001/13), still showing institutions located in Cyprus or Malta 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 (EC) No 2423/2001 (ECB/2001/13).

4. For the maintenance periods starting in December 2007, January and February 2008, institutions located in other participating Member States that benefit from the derogation under Article 2(2) of Regulation (EC) No 2423/2001 (ECB/2001/13) and wish to deduct liabilities owed to institutions located in Cyprus or Malta, shall calculate their minimum reserves on the basis of their balance sheet as at 30 September 2007 and report a table in accordance with footnote 5 of Table 1 of Annex I to Regulation (EC) No 2423/2001 (ECB/2001/13) showing institutions located in Cyprus or Malta 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 (EC) No 2423/2001 (ECB/2001/13) still showing institutions located in Cyprus or Malta 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 (EC) No 2423/2001 (ECB/2001/13).

2. In the absence of specific provisions in this Regulation, the provisions of Regulations (EC) No 1745/2003 (ECB/2003/9) shall apply.

*Article 4*

**Entry into force and application**

1. This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Union*.

Done at Frankfurt am Main, 9 November 2007.

*For the Governing Council of the ECB*  
*The President of the ECB*  
Jean-Claude TRICHET

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