EUROPEAN CENTRAL BANK

**OPINION OF THE EUROPEAN CENTRAL BANK**

**of 10 August 2006**

**at the request of Banka Slovenije on a draft decision on minimum reserves**

**(CON/2006/41)**

## Introduction and legal basis

On 26 July 2006 the European Central Bank (ECB) received a request from Banka Slovenije for an opinion on a draft decision on minimum reserves (hereinafter the 'draft decision').

The ECB's competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community and Article 2(2) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions[1], as the draft decision relates to an instrument of monetary policy of a non-participating 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 decision

The draft decision lays down a comprehensive legal regime governing persons subject to reserve requirements (i.e. banks and savings banks). Its provisions cover, *inter alia*, the reserve base, reserve ratios, fulfilment of reserve requirements, remuneration, the special regime in the case of mergers and divisions, and sanctions for non-compliance with reserve requirements. In comparison to the existing Decision on minimum reserves[2], the new elements introduced by the draft decision are the following: (i) maintenance periods are aligned with the Eurosystem's maintenance period calendar; (ii) the reserve base is calculated on the basis of end-of-month balance sheet information reported within the framework of statistical reporting; and (iii) an allowance of EUR 100 000 is introduced for all persons subject to reserve requirements. The draft decision is intended to apply for the last three maintenance periods in 2006 before Slovenia adopts the euro, i.e. from 27 September to 31 December 2006.

1 OJ L 189, 3.7.1998, p. 42.

2 Official Gazette of the Republic of Slovenia, Nos 99/2004 and 9/2005.

## 2. General observations

The ECB welcomes the draft decision as a part of the intensive preparations for adoption of the euro in Slovenia. Within the framework of monetary policy, which currently remains a competence of Banka Slovenije, the draft decision is intended to make the Slovenian minimum reserves system consistent with the Eurosystem standards that will apply after adoption of the euro. This step should help Slovenian credit institutions to become acquainted with the Eurosystem's requirements and ensure a smooth start to compliance with the Eurosystem's reserve requirements in January 2007. To this end, the draft decision adequately reflects the Eurosystem legal framework on minimum reserves, especially Regulation ECB/2003/9 of 12 September 2003 on the application of minimum reserves[3].

## 3. Calculation of the reserve base in the last maintenance period of 2006

3.1 During the consultation procedure, Banka Slovenije suggested that the draft decision should be amended so as to enable Slovenian credit institutions to deduct from their reserve bases for the maintenance period starting on 13 December 2006 any liabilities owed to Eurosystem institutions subject to minimum reserves.

3.2 The Eurosystem rule, pursuant to which liabilities owed to Eurosystem institutions that are subject to Eurosystem reserve requirements may be deducted from the reserve base, is intended to ensure that the same liabilities are not made subject twice to reserve requirements imposed by the same authority (i.e. the ECB). The ECB notes that until 1 January 2007, this justification will not apply to the Slovenian minimum reserves system, as it will still be Banka Slovenije that imposes reserve requirements on Slovenian institutions and not the ECB. Until Slovenia adopts the euro, however, the monetary policy field (including minimum reserves) falls within the competence of Banka Slovenije, and Banka Slovenije may therefore decide to include such a provision in the draft decision. To do so could facilitate a smooth integration into the full Eurosystem minimum reserves regime on 1 January 2007, as the reserve bases of Slovenian institutions subject to reserve requirements would already be calculated taking into account liabilities owed to Eurosystem institutions subject to minimum reserves.

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

Done at Frankfurt am Main, 10 August 2006.

[signed]

*The President of the ECB*

Jean-Claude TRICHET

3 OJ L 250, 2.10.2003, p. 10.