EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 4 November 2005

at the request of Česká národní banka

on a draft decree amending Decree No 307/2004 concerning the submission of information and documents to Česká národní banka by entities belonging to the financial institutions sector

(CON/2005/45)

1. On 19 September 2005, the European Central Bank (ECB) received a request from Česká národní banka (ČNB) for an opinion on a draft decree amending Decree No 307/2004 of ČNB concerning the submission of information and documents to ČNB by entities belonging to the financial institutions sector (hereinafter the 'draft decree').

2. The ECB's competence to deliver an opinion is based on the fourth indent of Article 2(1) 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 decree relates to the collection of monetary, financial, banking, payment systems and balance of payments statistics. 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.

3. Decree No 307/2004 Coll. currently lays down the requirements for submission of statistical information to ČNB by money market funds and certain other entities belonging to the other financial intermediaries (OFIs) reporting population. The collected data are used to compile money and banking statistics and quarterly financial accounts statistics, which are, *inter alia*, reported to the ECB. The draft decree extends the scope of Decree No 307/2004 Coll. to regulate the collection of data from insurance corporations and pension funds (hereinafter 'ICs & PFs') for the purposes of producing quarterly financial accounts. Pursuant to the draft decree, ICs & PFs will be obliged to submit data statements (on the first occasion compiled to 31 March 2006) in line with the new requirements. Moreover, the draft decree modifies in certain respects the obligations of financial corporations engaged in lending ('asset financing intermediaries') to submit data to ČNB.

4. The ECB welcomes the proposed broadening of the reporting population under the draft decree to cover ICs & PFs. Statistical data on ICs & PFs are becoming increasingly necessary to enable the production of a comprehensive overview of the activities of financial intermediaries, in particular as financial integration and deregulation are gradually blurring the distinctions between traditional

1 OJ L 189, 3.7.1998, p. 42.

financial sub-sectors such as banking, asset management and insurance. Moreover, the development of quarterly sector accounts for the euro area, including those for ICs & PFs, will provide a comprehensive tool for monitoring the impact of monetary policy decisions on investment and financing flows between different sectors of the economy.

5. The ECB notes that there are currently no EU regulations which require data reporting on ICs & PFs at quarterly or other infra-annual frequencies. Also, Council Regulation (EC) No 2533/98 concerning the collection of statistical information by the European Central Bank[2] does not expressly include ICs & PFs within the reference reporting population. Nevertheless, the ECB also notes that the national central banks of the Member States that have adopted the euro are required to provide statistics on ICs & PFs for the compilation of euro area financial accounts pursuant to Guideline ECB/2002/7 of 21 November 2002 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts[3]. It is consistent with the ECB's collection of statistical data on ICs & PFs under Guideline ECB/2002/7 for a Member State that has not yet adopted the euro also to establish an appropriate national legal framework for the collection of such data. In this context, the ECB notes that the new draft Annexes 4 and 5 to Decree No 307/2004 Coll. (entitled structure and content of statements submitted for ICs & PFs respectively) are in line with the requirements laid down in Guideline ECB/2002/7.

6. As regards certain changes to the obligations of asset financing intermediaries to submit data, Article 6c of the draft decree applies the 'cutting-off-the-tail' principle to these institutions, which limits the reporting burden to statistically significant respondents. Since there is currently no ECB legal instrument in force providing for a harmonised method of data collection from such institutions, the ECB considers that ČNB is best placed to assess which method best accords with the general principle of not overburdening the reporting population. The ECB welcomes the other technical modifications contained in the draft decree, designed to bring Decree No 307/2004 Coll. into line with Council Regulation (EC) No 2223/96 of 25 June 1996 on the European systems of national and regional accounts in the Community[4].

7. Finally, it should be noted that time series covering more than one business cycle are important for monetary policy analysis purposes so that economic and financial developments can be properly understood and possible underlying trends identified. The enlarged euro area aggregates therefore need to be compiled retrospectively. It follows from Guideline ECB/2002/7 that the NCBs of the 10 new Member States that acceded to the EU on 1 May 2004 would be required, on joining the euro area, to transmit back data on infra-annual financial accounts to the ECB – including back data on ICs&PFs – at least from the date of their accession onwards.

2 OJ L 318, 27.11.1998, p. 8.
3 OJ L 334, 11.12.2002, p. 24.
4 OJ L 310, 30.11.1996, p. 1.

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

Done at Frankfurt am Main, 4 November 2005.

[signed]

The President of the ECB

Jean-Claude TRICHET