# European Central Bank, ECB: minimum reserves

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OBJECTIVE: Recommendation of the European Central Bank for a Council Regulation concerning the application of minimum reserves by the European Central Bank. SUBSTANCE: Article 19 of the Statute of the European System of Central Banks and the European Central Bank forms the legal basis for a system of minimum reserves required for stage three of EMU. This proposal for a regulation: - provides that the ECB is authorised to exempt an institution when subjecting it to minimum reserves would not be in line with the aim pursued in setting up the system; - defines the basis of the minimum reserves; - defines the maximum permissible reserve ratio which the ECB may apply in the calculation of minimum reserves; - clarifies the regulatory powers of the ECB for the purposes of this Regulation; - grants to the ECB: . the right to impose specific reporting requirements on institutions subject to minimum reserves; . the right to collect statistical data from institutions subject to minimum reserves and to verify the accuracy and quality of the data; . the right to delegate to the national central banks the execution of the tasks of collecting and verifying the information required for determining institutions' compliance with the minimum reserves; - provides that the ECB may impose penalties on institutions not complying with their obligations under the minimum reserve system; these penalties must be sufficiently high, while in proportion to the infringement committed.