European Central Bank, ECB: minimum reserves

1998/0808(CNS) - 23/11/1998 - Final act

OBJECTIVE: application of minimum reserves by the European Central Bank (ECB). COMMUNITY MEASURE: Council Regulation (EC) No 2531/98 concerning the application of minimum reserves by the European Central Bank. CONTENT: the Council Regulation allows the ECB, on a non-discriminatory basis, to exempt certain institutions from minimum reserves in accordance with criteria established by the ECB. The Regulation also defines the basis for minimum reserves and the maximum reserve ratios which the ECB may apply in order to calculate minimum reserves: this ratio must not exceed 10% of the liabilities forming part of the basis for minimum reserves but may be 0%. The European Central Bank is granted: - the right to collect from institutions the information necessary for the application of minimum reserves; - the right to verify the accuracy and quality of the information (right to require the submission of documents, to examine books, to take copies or extracts and to obtain written or oral explanations); - the right to delegate to the national central banks the execution of the rights to collect and verify the information needed in order to establish institutions? compliance with the minimum reserve requirements. Finally, the Regulation authorises the ECB to impose one of the following penalties on institutions which fail to comply with minimum reserve requirements: - interest payment of up to 5 percentage points above the ESCB?s marginal lending rate or twice the ESCB?s marginal lending rate, applied to the amount of the minimum reserves which the relevant institution fails to provide; - the requirement for the relevant institution to establish a non-interest bearing deposit with the ECB or the national central banks up to 3 times the amount of the minimum reserves which the relevant institution fails to provide. ENTRY INTO FORCE: 27 November 1998.