

Réf.: ST.14-0314
Circular letter

Luxemburg, 10 September 2014

To all credit institutions

In case of discrepancies between the French and the English text,
the French text shall prevail

Concerns: Adoption of the euro by Lithuania and adjustment of the indicative calendar for reserve maintenance periods

Ladies and Gentlemen,

On 23 July 2014 the EU Council formally approved the accession of Lithuania to the euro area on 1 January 2015.

The objective of the present circular letter is to clarify the impact of the adoption of the euro by Lithuania for the establishment of the monthly and quarterly statistical reports, as well as the adjustment of the indicative calendar for reserve maintenance periods.

1. Impact on the statistical data collection of the BCL

The joining of the euro area by Lithuania as from 1 January 2015 onwards will not only have an impact on the establishment of monthly and quarterly statistical reports but also on the calculation of the reserve requirement which credit institutions are subject to.

1.1 Impact on the monthly statistical data collection

The monthly statistical reports S 1.1 «Monthly statistical balance sheet of credit institutions», S 1.4 «Valuation effects on the statistical balance sheet of credit institutions», S 1.5 «Information on interest rates in EUR» and S 1.8 «Securitisations and other loan transfers by credit institutions» require a breakdown of assets and liabilities according to the country of residency or the country of the registered office, i.e. the country where the centre of economic interest of a counterpart is located, broken down as follows:

- All countries: this category regroups all the operations regardless of the country of residency or the country of the registered office
- Luxembourg (LU)
- OMUMs: i.e. Other Monetary Union Member States
- Rest of the world: i.e. the countries that are not included in the two aforementioned categories

As from 1 January 2015, the category «Other Monetary Union Member States» (OMUMs) will also include Lithuania that is currently, and until 31 December 2014, included in the category «Rest of the world».

1.2 Impact on the quarterly statistical data collection

The quarterly statistical report S 2.5 «Quarterly statistical balance sheet of credit institutions» requires a breakdown of assets and liabilities according to the country of residency or the country of the registered office by using a two digit ISO code.

Since the economic sector breakdown is identical for all countries, the adoption of the euro by Lithuania does not have any impact on report S 2.5 «Quarterly statistical balance sheet of credit institutions».

2. Impact for the calculation of the reserve requirement

The liabilities which are owed to the European Central Bank (ECB), to the National Central Banks (NCBs) that are members of the Eurosystem and to credit institutions (CIS) that are subject to the Eurosystem's minimum reserve requirement are excluded from the reserve base. Therefore, the volume of liabilities included in the reserve base must be reduced by the amount of liabilities owed to credit institutions from Lithuania that are subject to the Eurosystem's minimum reserve requirement as from January 2014 onwards. The volume of liabilities included in the reserve base must also be reduced by the amount of liabilities owed to the Lithuanian central bank.

For the maintenance periods from December 2014 to January 2015 and from January to March 2015 (the exact start and end dates of the maintenance periods are published on the BCL website), the liabilities owed to the National Central Bank of Lithuania as well as to credit institutions from Lithuania being subject to the Eurosystem's reserve requirement may already be deducted from the reserve base of credit institutions.

Luxembourg credit institutions that wish to benefit from this option must fill in the attached table for October 2014 and November 2014 while considering credit institutions from Lithuania as being subject to the Eurosystem's reserve requirement even though these institutions are not yet subject to the Eurosystem's minimum reserve requirement in 2014.

According to the new indicative calendar for reserve maintenance periods (published by the ECB on 17 July 2014 and also available on the BCL website), monthly data pertaining to December 2014 shall not be taken into account for the calculation of reserve requirements. Indeed, the Governing Council decided that, as of January 2015, meetings dedicated to monetary policy will be held every six weeks instead of once a month. The new indicative calendar for reserve maintenance periods aligns the start of maintenance periods with the new dates of Governing Council meetings dedicated to monetary policy. This entails that the monthly balance sheet data for December 2014, March 2015, June 2015 and September 2015 will no longer be taken into account for the calculation of the reserve base. It is worth noting that the twelfth reserve maintenance period of 2014 will be extended by 14 days and end on 27 January 2015.

Reserve requirements reported on the basis of report S 1.1 «Monthly statistical balance sheet of credit institutions» of October and November 2014 can be amended by taking into account the information provided in the attached table.

Credit institutions are reminded that statistical reports S 1.1, S 1.4, S 1.5, S 1.8 and S 2.5 must be established by considering Lithuania as not being a member of the Monetary Union until 31 December 2014 included.

3. Quality of the data transmitted

Credit institutions are reminded to scrupulously check the correct identification of their counterparts and to use, in particular, the official list of credit institutions published by the *Commission de Surveillance du Secteur Financier* as well as the official list of monetary financial institutions made available to reporting agents on the website of the ECB.

We therefore consider it necessary to stress once again the importance of the quality of the data transmitted to the BCL and the necessity to submit the data to the verification rules detailed in the technical documentation. Only a rigorous control undertaken during data production will allow respecting the quality requirements as well as the reporting delays. This is particularly important given that the collected data will be checked by the ECB before aggregating them with the data of the other Member States. Any error or important negligence will have harmful repercussions on the reputation of the Luxembourg financial community.

4. Setting up of the new arrangements

The new classification of assets and liabilities towards resident counterparts of Lithuania must be implemented for the first time with regard to the monthly statistical reports referring to January 2015.

The attached table relating to the calculation of minimum reserves refers to the periods of October and November 2014.

Yours sincerely,

BANQUE CENTRALE DU LUXEMBOURG

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Head of Statistics

Annex: 1

Annex. Information to be provided to the Banque centrale du Luxembourg for the reduction of the reserve base relating to the periods of October and November 2014

Item	Country	Currency	Economic sector	Initial maturity		
				<= 2 years	> 2 years	No split
Overnight deposits	Lithuania	EUR	NCB + CIS subject to reserves			
	Lithuania	Other currencies	NCB + CIS subject to reserves			
Deposits with agreed maturity	Lithuania	EUR	NCB + CIS subject to reserves			
	Lithuania	Other currencies	NCB + CIS subject to reserves			
Deposits redeemable at notice	Lithuania	EUR	NCB + CIS subject to reserves			
	Lithuania	Other currencies	NCB + CIS subject to reserves			
Repurchase agreements	Lithuania	EUR	NCB + CIS subject to reserves			
	Lithuania	Other currencies	NCB + CIS subject to reserves			
Debt securities issued	Lithuania	EUR	NCB + CIS subject to reserves			
	Lithuania	Other currencies	NCB + CIS subject to reserves			

NCB + CIS subject to reserves: National Central Bank of Lithuania and Lithuanian credit institutions subject to the Eurosystem's minimum reserve requirement

The wording of the lines and columns of this table correspond with those used for report S 1.1 to be reported to the Banque centrale du Luxembourg with a monthly frequency. Credit institutions that wish to fill in this table may therefore refer to the definitions provided in the «Definition and concepts for the statistical reporting of credit institutions».