

# **Ordinance No 21**

## **of 26 November 2015**

### **on Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks**

(Published in the Darjaven Vestnik, issue 94 of 4 December 2015; effective as of 4 January 2016; amended, issue 44 of 2021; amended, issue 42 of 2023)

#### **Subject**

**Article 1.** This Ordinance shall establish the terms, amounts and assets in which banks and foreign bank branches with a registered office in Bulgaria maintain their minimum required reserves with the Bulgarian National Bank (BNB).

#### **Reserve Base**

**Article 2.** The reserve base on which the amount of minimum required reserves is determined shall be the funds attracted by banks in levs and foreign currency, with the exception of funds attracted:

1. by other banks and foreign bank branches with a registered office in Bulgaria;
2. through branches of a local bank abroad;
3. in the form of equity instruments under Article 4, paragraph 1, item 119 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

#### **Percentage of Minimum Required Reserves**

**Article 3.** (1) (amended; Darjaven Vestnik, issue 42 of 2023, effective as of 1 July 2023) Banks shall maintain minimum required reserves to the amount of 12 per cent of the reserve base.

(2) (amended; Darjaven Vestnik, issue 42 of 2023, effective as of 1 June 2023) As an exception to the requirement under paragraph 1, banks shall not maintain minimum required reserves on funds attracted from state and local government budgets.

#### **Reserve Assets**

**Article 4.** Banks shall maintain minimum required reserves in the following reserve assets:

1. holdings on settlement accounts with RINGS, real-time gross settlement system, operated by the Bulgarian National Bank;
2. holdings on other special accounts with the BNB in levs and euro;

3. (amended; Darjaven Vestnik, issue 42 of 2023) 50 per cent of cash in vaults, including those in ATM terminals of banks.

### **Excess Reserves**

**Article 5.** (1) (amended; Darjaven Vestnik, issue 44 of 2021) Excess reserves shall be the excess of the holdings in reserve assets under Article 4 over the required amount of minimum required reserves.

(2) Excess reserves shall be determined on an average daily basis for a maintenance period.

### **Interest on Minimum Required Reserves and Excess Reserves**

**Article 6.** (1) The Bulgarian National Bank may pay interest in levs on minimum required reserves and excess reserves to an amount set by the BNB Governing Council.

(2) Interest on excess reserves may be a negative value unless these excess reserves are imposed as a result of a supervisory measure.

### **Basis Period**

**Article 7.** (1) Basis period shall be the period during which the reserve base of banks is monitored with a view to determining the amount of minimum required reserves.

(2) The basis period shall be each calendar month.

### **Maintenance Period**

**Article 8.** (1) Maintenance period shall be the period during which banks are obliged to maintain minimum required reserves.

(2) The maintenance period shall begin from the fourth day of the reporting basis period and end on the third day of the following basis period.

### **Establishing the Total Amount of Reserves Maintained with the BNB by Banks**

**Article 9.** The amount of minimum required reserves, which each bank is obliged to reach at the end of the maintenance period, shall be computed by multiplying the banks' reserve base under Article 2 for all days of the basis period by the percentage of the minimum required reserves under Article 3, with the result being rounded to a whole number.

### **Maintaining Minimum Required Reserves**

**Article 10.** (1) Banks themselves shall compute the amount of minimum required reserves which they are obliged to maintain, and shall manage their reserve assets throughout the maintenance period in a manner which is in compliance with the requirements of this Ordinance.

(2) A bank shall be deemed to have met the requirements of this Ordinance, provided that the amount of reserve assets under Article 4 maintained with the BNB during all days of the maintenance period under Article 8 equals or exceeds the sum total of minimum required reserves under Article 3.

(3) (amended; Darjaven Vestnik, issue 42 of 2023) During a maintenance period, a bank may use without limitation its minimum required reserves if the bank meets the requirement under paragraph 2. If a bank uses over 50 per cent of the lev equivalent of its minimum required reserves, it shall owe interest under Article 12, paragraph 1.

### Reporting

**Article 11.** (1) Banks shall present each week a report of their reserve base and cash holdings in levs and foreign currency, including those in ATM terminals.

(2) The reports under paragraph 1 shall be submitted in the beginning of each week but no later than Tuesday, and information provided shall refer to each day of the previous week.

(3) In addition to reports under paragraph 1, banks shall also submit to the BNB, no later than two days after the end of each basis period, a report on the days between the latest weekly report and the end of the basis period.

(4) Persons authorised by each bank shall submit the reports electronically to the BNB Banking Department.

(5) The Deputy Governor heading the BNB Banking Department shall determine in instructions the form and content of bank reports under this Ordinance.

### Sanctions

**Article 12.** (1) (amended; Darjaven Vestnik, issue 42 of 2023) Should a bank uses over 50 per cent of the lev equivalent of its minimum required reserves, it shall pay interest in levs to the BNB for the excess over 50 per cent for each day of use in an amount as determined by the BNB Governing Council.

(2) Any bank which at the end of the maintenance period reports a shortage of its minimum required reserves, shall pay interest in levs to the BNB for the amount of the shortage, at a rate determined by the BNB Governing Council.

(3) The interest under this Article and Article 6, paragraph 2 shall be collected *ex officio* from the bank's accounts with the BNB.

**Article 13.** (1) Should a bank or a foreign bank branch reports a shortage at the end of a maintenance period, which exceeds one twelfth of minimum required reserves, the Banking Department shall notify the Banking Supervision Department with a view to carrying out a proper examination, and the BNB Governing Council may resolve on restricting the current use of funds from bank's accounts with the BNB until minimum required reserves are fully met.

(2) The measures under paragraph 1 shall also apply where a bank reports a shortage of its minimum required reserves in three consecutive maintenance periods irrespective of the shortage amount.

**Article 14.** In case of a delay in submitting the reports under Article 11 and non-compliance with other requirements under this Ordinance, fines and financial penalties provided for in the Law on the Bulgarian National Bank shall be imposed.

### **Exemption from the Obligation to Maintain Reserves**

**Article 15.** Banks which have been declared insolvent or in liquidation shall not maintain minimum required reserves with the BNB as from the effective date of the ruling on insolvency or the date of initiating proceedings for voluntary or compulsory liquidation, respectively.

### **Transitional and Final Provisions**

§ 1. This Ordinance is issued on the grounds of Article 41, paragraph 1 and Article 16, item 5 of the Law on the Bulgarian National Bank and is adopted by Resolution No 116 of the BNB Governing Council dated 26 November 2015. It shall come into force on 4 January 2016.

§ 2. Ordinance No 21 of 1998 on the Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks (published in the Darjaven Vestnik, issue 28 of 1998; amended, issue 118 of 1998; amended, issue 124 of 1998; amended, issue 50 of 2000, issue 68 of 2002, issue 110 of 2003; amended, issue, 48 of 2004; amended, issue 103 of 2004; amended, issues 20 and 37 of 2005; amended, issues 62 and 93 of 2005, issues 19, 48 and 94 of 2006; issue 62 of 2007; amended, issue 94 of 2008; amended, issue 104 of 2008 and issue 10 of 2010) shall be repealed.

§ 3. The Deputy Governor heading the Banking Department shall give instructions on the enactment of this Ordinance.

**ORDINANCE**  
**on Amendment of Ordinance No 21 of 26 November 2015**  
**on Minimum Required Reserves Maintained with the**  
**Bulgarian National Bank by Banks**

(Published in the Darjaven Vestnik, issue 44 of 25 May 2021)

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**Final Provision**

§ 2. This Ordinance is issued on the grounds of Article 41, paragraph 1 and Article 16, item 5 of the Law on the Bulgarian National Bank and adopted by Resolution No 147 of 14 May 2021 of the Governing Council of the Bulgarian National Bank, and shall enter into force on 4 June 2021.

**ORDINANCE**  
**on Amendment of Ordinance No. 21 of 26 November 2015**  
**on the Minimum Required Reserves Maintained with the**  
**Bulgarian National Bank by Banks**

(Published in the Darjaven Vestnik, issue 42 of 12 May 2023)

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**Final Provisions**

§ 6. This Ordinance is issued on the grounds of Article 41, paragraph 1 and Article 16, item 5 of the Law on the Bulgarian National Bank, and is adopted by Resolution No. 166 of the Governing Council of the Bulgarian National Bank of 26 April 2023.

§ 7. Paragraph 1 shall enter into force on 1 July 2023.

§ 8. Paragraph 2 shall enter into force on 1 June 2023.

§ 9. Paragraphs 3–5 shall enter into force as from the date of publication of the Ordinance in the Darjaven Vestnik.