



EUROPEAN CENTRAL BANK  
EUROSYSTEM

*COURTESY TRANSLATION*

Mr Oreste Rossi  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 22 May 2012

L/MD/12/358

Re.: Your letter

Dear Mr Rossi,

Thank you for your letter passed on to me by Ms. Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 April 2012.

I do not know which remark you refer to in your letter, but let me start by clarifying what must have been a misunderstanding: you refer to a purported statement of mine ‘that it was a mistake not to specify a purpose for the funds offered by the ECB’. I would like to stress that I did not make this remark.

I can explain to you why the ECB cannot impose restrictions on how financial institutions use the liquidity provided in the monetary policy operations of the Eurosystem. It is because the Treaty on the Functioning of the European Union is very specific as regards the principle of conducting monetary policy “*in accordance with the principle of an open market economy with free competition*”. Therefore any decision on business conduct is taken by the individual banks themselves.

As regards your question on credit provision to businesses, please be aware that the three-year Long-Term Refinancing Operations (LTROs) were specifically designed to prevent a credit crunch. The operation conducted in February attracted 800 banks, many of which are smaller banks, that is, precisely those institutions that mostly lend to small and medium-sized enterprises. We therefore trust that the liquidity will ultimately serve the real economy.

Yours sincerely

[signed]

Mario Draghi