

DECISION (EU) 2017/2199 OF THE EUROPEAN CENTRAL BANK
of 20 November 2017
amending Decision ECB/2014/40 on the implementation of the third covered bond purchase programme (ECB/2017/37)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union and in particular the first indent of Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the second subparagraph of Article 12.1 in conjunction with the first indent of Article 3.1, and Article 18.1 thereof,

Whereas:

- (1) Decision ECB/2014/40 ⁽¹⁾ established the third covered bond purchase programme (hereinafter the 'CBPP3'). Alongside the asset-backed securities purchase programme, the secondary markets public sector asset purchase programme and the corporate sector purchase programme, the CBPP3 is part of the expanded asset purchase programme (APP). The APP aims to further enhance the transmission of monetary policy, facilitate the provision of credit to the euro area economy, ease borrowing conditions for households and firms and contribute to returning inflation rates to levels below but close to 2 % over the medium term, consistent with the primary objective of the European Central Bank (ECB) of maintaining price stability.
- (2) The Governing Council decided on 4 October 2017 to further refine the rules applicable to the eligibility for purchase under the CBPP3 of covered bonds that are commonly referred to as conditional pass-through covered bonds, in view of the potentially higher risks to which they expose the Eurosystem.
- (3) Therefore, Decision ECB/2014/40 should be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Amendment

In Article 2 of Decision ECB/2014/40, the following point 9 is added:

- '9. Covered bonds shall be excluded from purchases under the CBPP3 where both: (a) they have a conditional pass-through structure, whereby pre-defined events lead to an extension of the bond's maturity and a switch to a payment structure dependent primarily on cash flows generated by the assets in the underlying cover pool; and (b) they are issued by an entity with a first-best issuer rating below CQS3.'

Article 2

Entry into force

This Decision shall enter into force on 1 February 2018.

Done at Frankfurt am Main, 20 November 2017.

For the Governing Council of the ECB

The President of the ECB

Mario DRAGHI

⁽¹⁾ Decision ECB/2014/40 of 15 October 2014 on the implementation of the third covered bond purchase programme (OJ L 335, 22.11.2014, p. 22).