GUIDELINE (EU) [YYYY/[XX*]] OF THE EUROPEAN CENTRAL BANK
of 10 May 2019
amending Guideline (EU) 2015/510 on the implementation of the Eurosystem monetary policy framework
(ECB/2019/11)

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 first indent of Article 3.1, Articles 9.2, 12.1, 14.3 and 18.2 and the first paragraph of Article 20 thereof,

Whereas:

(1) Achieving a single monetary policy entails defining the tools, instruments and procedures to be used by the Eurosystem in order to implement such a policy in a uniform manner throughout the Member States whose currency is the euro.

(2) Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60)¹ should be amended to incorporate necessary technical and editorial adjustments relating to certain aspects of monetary policy operations.

(3) With a view to strengthening the transparency of the Eurosystem collateral framework, the definition of agencies as issuers or guarantors of debt instruments should be further clarified.

(4) Regulation (EU) 2017/2402 of the European Parliament and of the Council², adopted on 12 December 2017, lays down a general framework for securitisation and creates a framework for simple, transparent and standardised securitisations. The Eurosystem collateral framework should be revised to take account of relevant features of (a) the disclosure requirements set out in that Regulation in relation to data on the credit quality and performance of underlying exposures, and (b) the provisions of that Regulation regarding the registration of securitisation repositories with the European Securities and Markets Authority.

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¹ This number will be allocated by the Publications Office of the European Union when the Guideline is published in the Official Journal.


(5) To assess the credit quality of assets provided as collateral for credit operations, the Eurosystem takes into account information from credit assessment systems. In this context, the use of third-party rating tool (RT) providers as one of the accepted credit assessment sources should be discontinued to reduce the complexity of the Eurosystem collateral framework and to contribute to reducing the Eurosystem’s reliance on external credit assessments.

(6) The Eurosystem accepts as collateral certain marketable debt instruments issued or guaranteed by multilateral development banks and international organisations. The criteria for recognising entities as multilateral development banks or international organisations should be streamlined in order to reduce the complexity of the Eurosystem collateral framework.

(7) The Eurosystem accepts as collateral certain credit claims. The eligibility criteria for such credit claims need to be amended to reduce the complexity and ensure the consistency of the Eurosystem collateral framework. In particular, the Eurosystem will no longer differentiate between floating rate credit claims that have ceilings or floors introduced at issuance and after issuance. Similarly, the Eurosystem will no longer differentiate between floating rate credit claims with a reference rate linked to the yield of government bonds based on the maturity of the government bonds. It also needs to be clarified that credit claims are not eligible if their most recent cash flow was negative. Furthermore, a minimum size threshold for the eligibility of domestic credit claims should be introduced in order to further harmonise the use of credit claims as collateral for Eurosystem credit operations.

(8) All eligible assets for Eurosystem credit operations are subject to valuation rules and specific risk control measures in order to protect the Eurosystem against financial losses in circumstances where its collateral has to be realised due to an event of default of a counterparty. In this context, it needs to be clarified that the Eurosystem assigns a value to non-marketable assets based on the outstanding amount of such assets.

(9) The Eurosystem accepts as collateral covered bonds issued, owed or guaranteed by the counterparty or by an entity closely linked to it, provided these covered bonds meet certain criteria. In this context, the Eurosystem needs to further clarify the criteria for accepting such covered bonds as collateral.

(10) Other amendments, of a minor nature, need to be made in the interest of clarity, including with regard to the amount to be collateralised in liquidity-providing operations, the deadline for requesting access to the standing facilities and the geographical restrictions concerning asset-backed securities and cash-flow generating assets.

(11) Therefore, Guideline (EU) 2015/510 (ECB/2014/60) should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

**Article 1**

**Amendments**

Guideline (EU) 2015/510 (ECB/2014/60) is amended as follows:

1. Article 2 is amended as follows:
   (a) point (2) is replaced by the following:
‘(2) “agency” means an entity that is established in a Member State whose currency is the euro and that either engages in certain common-good activities carried out at national or regional level or serves their funding needs, and which the Eurosystem has classified as an agency. The list of entities classified as agencies shall be published on the ECB’s website and shall specify whether the quantitative criteria for valuation haircut purposes set out in Annex XIIa are met in respect of each entity;’;

(b) the following points (26a) and (26b) are inserted:

‘(26a) “ESMA reporting activation date” means the first day on which both (a) a securitisation repository has been registered by the European Securities and Markets Authority (ESMA) and therefore becomes an ESMA securitisation repository and (b) the relevant implementing technical standards, in the format of the standardised templates, have been adopted by the Commission under Article 7(4) of Regulation (EU) 2017/2402 of the European Parliament and of the Council (*) and have become applicable;


(26b) “ESMA securitisation repository” means a securitisation repository within the meaning of point (23) of Article 2 of Regulation (EU) 2017/2402, which is registered with ESMA pursuant to Article 10 of that Regulation;’;

(c) the following point (31a) is inserted:

‘(31a) “Eurosystem designated repository” means an entity designated by the Eurosystem in accordance with Annex VIII and which continues to fulfil the requirements for designation set out in that Annex;’;

(d) the following point (50a) is inserted:

‘(50a) “loan-level data repository” means an ESMA securitisation repository or a Eurosystem designated repository;’;

2. in Article 15, paragraph 1, point (b) is replaced by the following:

‘(b) ensure adequate collateralisation of the operation until its maturity; the value of the assets mobilised as collateral shall cover at all times the total outstanding amount of the liquidity-providing operation including the accrued interest during the term of the operation. If interest accrues at a positive rate, the applicable amount should be added on a daily basis to the total outstanding amount of the liquidity-providing operation and if it accrues at a negative rate, the applicable amount should be subtracted on a daily basis from the total outstanding amount of the liquidity-providing operation;’;

3. in Article 19, paragraph 5 is replaced by the following:
5. A counterparty may send a request to its home NCB for access to the marginal lending facility. Provided that the request is received by the home NCB at the latest 15 minutes following the TARGET2 closing time, the NCB shall process the request on the same day in TARGET2. The deadline for requesting access to the marginal lending facility shall be postponed by an additional 15 minutes on the last Eurosystem business day of a reserve maintenance period. Under exceptional circumstances, the Eurosystem may decide to apply later deadlines. The request for access to the marginal lending facility shall specify the amount of credit required. The counterparty shall deliver sufficient eligible assets as collateral for the transaction, unless such assets have already been pre-deposited by the counterparty with the home NCB pursuant to Article 18(4).

4. in Article 22, paragraph 2 is replaced by the following:

2. To be granted access to the deposit facility, the counterparty shall send a request to its home NCB. Provided that the request is received by the home NCB at the latest 15 minutes following the TARGET2 closing time, the home NCB shall process the request on the same day in TARGET2. The deadline for requesting access to the deposit facility shall be postponed by an additional 15 minutes on the last Eurosystem business day of a reserve maintenance period. Under exceptional circumstances, the Eurosystem may decide to apply later deadlines. The request shall specify the amount to be deposited under the facility.

5. in Article 59, paragraphs 4 and 5 are replaced by the following:

4. The Eurosystem shall publish information on credit quality steps on the ECB’s website in the form of the Eurosystem’s harmonised rating scale, including the mapping of credit assessments, provided by the accepted external credit assessment institutions (ECAIs), to credit quality steps.

5. In the assessment of the credit quality requirements, the Eurosystem takes into account credit assessment information from credit assessment systems belonging to one of the three sources in accordance with Title V of Part Four.

6. in Article 69, paragraph 2 is deleted;

7. in Article 70, the following paragraph 3a is inserted:

3a. For debt instruments issued or guaranteed by agencies, the issuer or guarantor shall be established in a Member State whose currency is the euro.

8. in Article 73, paragraph 1 is replaced by the following:

1. In order for ABSs to be eligible, all cash-flow generating assets backing the ABSs shall be homogenous, i.e. it shall be possible to report them according to one of the types of loan-level templates referred to in Annex VIII, which shall relate to one of the following:

(a) residential mortgages;
(b) loans to small and medium-sized enterprises (SMEs);
(c) auto loans;
(d) consumer finance loans;
(e) leasing receivables;
(f) credit card receivables;

9. Article 74 is amended as follows:
3. For the purpose of paragraph 2, a mortgage trustee or receivables trustee shall be considered to be an intermediary.

4. The obligors and the creditors of the cash-flow generating assets shall be incorporated, or, if they are natural persons, shall be resident in the EEA. Obligors who are natural persons must have been resident in the EEA at the time the cash-flow generating assets were originated. Any related security shall be located in the EEA and the law governing the cash-flow generating assets shall be the law of an EEA country.

10. Article 78 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing the ABSs shall be made available in accordance with the procedures set out in Annex VIII, which include the information on the required data quality score and the requirements for loan-level data repositories. In its eligibility assessment, the Eurosystem takes account of: (a) any failure to deliver data, and (b) how frequently individual loan-level data fields are found not to contain meaningful data.'

(b) paragraph 2 is replaced by the following:

'2. Notwithstanding the required scoring values set out in Annex VIII in respect of loan-level data, the Eurosystem may accept as collateral asset-backed securities with a score lower than the required scoring value (A1), on a case-by-case basis and subject to the provision of adequate explanations for the failure to achieve the required score. For each adequate explanation, the Eurosystem shall specify a maximum tolerance level and a tolerance horizon, as further specified on the ECB's website. The tolerance horizon shall indicate the time period within which the data quality for the ABSs must improve.'

11. Article 81a is amended as follows:

(a) in paragraph 1, the first indent is replaced by the following:

'- debt instruments issued by agencies,';

(b) paragraph 5 is deleted;

12. Article 90 is replaced by the following:

'Article 90

Principal amount and coupons of credit claims

In order to be eligible, credit claims shall comply with the following requirements:

(a) they have, until final redemption, a fixed, unconditional principal amount; and

(b) an interest rate that shall, until final redemption, be one of the following:

(i) a "zero coupon";

(ii) fixed;

(iii) floating, i.e. linked to a reference interest rate and with the following structure: coupon rate = reference rate ± x, with f ≤ coupon rate ≤ c, where:'
the reference rate is only one of the following at a single point in time:

- a euro money market rate, e.g. Euribor, LIBOR or similar indices;
- a constant maturity swap rate, e.g. CMS, EIISDA, EUSA;
- the yield of one or an index of several euro area government bonds;

- f (floor), c (ceiling), if they are present, and x (margin) are numbers that are either pre-defined at origination or may change over the life of the credit claim; f and/or c may also be introduced after origination of the credit claim; and

(c) their most recent cash flow was not negative. If a negative cash flow occurs, the credit claim is ineligible as at that moment. It may become eligible again after a cash flow that is not negative, provided it meets all other relevant requirements.';

13. Article 93 is replaced by the following:

'Article 93

Minimum size of credit claims

For domestic use, credit claims shall, at the time of their submission as collateral by the counterparty, meet a minimum size threshold of EUR 25 000, or any higher amount that may be laid down by the home NCB. For cross-border use, a minimum size threshold of EUR 500 000 shall apply.';

14. in Article 95, paragraph 1 is replaced by the following:

'1. The debtors and guarantors of eligible credit claims shall be non-financial corporations, public sector entities (excluding public financial corporations), multilateral development banks or international organisations.';

15. Article 100 is replaced by the following:

'Article 100

Verifications of the procedures used to submit credit claims

NCBs, or supervisors or external auditors, shall conduct a one-off verification of the appropriateness of the procedures used by the counterparty to submit the information on credit claims to the Eurosystem. In the event of significant changes to such procedures, a new one-off verification of those procedures may be conducted.';

16. in Article 107a, paragraph 2 is replaced by the following:

'2. DECCs shall have a fixed, unconditional principal amount and a coupon structure that complies with the criteria set forth in Article 63. The cover pool shall only contain credit claims for which either:

(a) a specific ECB DECC loan-level data reporting template; or
(b) an ABS loan-level data reporting template in accordance with Article 73; is available.';

17. Article 107e is amended as follows:

(a) paragraph 3 is replaced by the following:

'3. At the level of the underlying individual credit claims, comprehensive and standardised loan-level data on the pool of underlying credit claims shall be made available in accordance with the procedures and subject to the same checks applicable to cash-flow generating assets backing ABSs as set out in Annex VIII, except with respect to
the reporting frequency, the applicable loan-level data reporting template and the submission by the relevant parties of loan-level data to a loan-level data repository. In order for DECCs to be eligible, all underlying credit claims shall be homogenous, i.e. it must be possible to report them using a single ECB DECC loan-level data reporting template. The Eurosystem may determine that a DECC is not homogenous after evaluating the relevant data.

(b) paragraph 5 is replaced by the following:

‘5. Data quality requirements applied for ABSs shall apply to DECCs, including the specific ECB DECC loan-level data reporting template. The loan-level data shall be submitted in the specific ECB DECC loan-level data reporting template, as published on the ECB’s website, to:

(a) an ESMA securitisation repository; or
(b) a Eurosystem designated repository.’;

(c) the following paragraph 5a is inserted:

‘5a. Submissions of loan-level data on DECCs to ESMA securitisation repositories in accordance with paragraph 5(a) shall commence at the beginning of the calendar month immediately following the date which is three months from the ESMA reporting activation date.

Submissions of loan-level data on DECCs to Eurosystem designated repositories in accordance with paragraph 5(b) shall be permitted until the end of the calendar month in which the date three years and three months from the ESMA reporting activation date falls.

The ESMA reporting activation date shall be published by the ECB on its website.’;

18. In Article 114, paragraph 5 is replaced by the following:

‘5. If the guarantor is not a public sector entity with the right to levy taxes, a legal confirmation concerning the legal validity, binding effect and enforceability of the guarantee shall be submitted to the relevant NCB in a form and substance acceptable to the Eurosystem before the marketable assets or credit claim supported by the guarantee can be considered eligible. The legal confirmation shall be prepared by persons who are independent of the counterparty, the issuer/debtor and the guarantor, and legally qualified to issue such confirmation under the applicable law, e.g. lawyers practising in a law firm, or working in a recognised academic institution or public body. The legal confirmation shall also state that the guarantee is not a personal one and is only enforceable by the holders of the marketable assets or the creditor of the credit claim. If the guarantor is established in a jurisdiction other than the one of the law governing the guarantee, the legal confirmation shall also confirm that the guarantee is valid and enforceable under the law of the jurisdiction in which the guarantor is established. For marketable assets, the legal confirmation shall be submitted by the counterparty for review to the NCB that is reporting the relevant asset supported by a guarantee for inclusion in the list of eligible assets. For credit claims, the legal confirmation shall be submitted by the counterparty seeking to mobilise the credit claim for review to the
NCB in the jurisdiction of the law governing the credit claim. The requirement of enforceability is subject to any insolvency or bankruptcy laws, general principles of equity and other similar laws and principles applicable to the guarantor and generally affecting creditors' rights against the guarantor."

19. in Article 119, paragraphs 1 and 2 are replaced by the following:

   ‘1. The credit assessment information on which the Eurosystem bases the eligibility assessment of assets eligible as collateral for Eurosystem credit operations shall be provided by credit assessment systems belonging to one of the three following sources:
   (a) ECAIs;
   (b) NCBs' in-house credit assessment systems (ICASs);
   (c) counterparties’ internal rating-based (IRB) systems.

   2. Under each credit assessment source listed in paragraph 1 there may be a set of credit assessment systems. Credit assessment systems shall comply with the acceptance criteria laid down in this Title. A list of the accepted credit assessment systems, i.e. the list of accepted ECAIs and ICASs, is published on the ECB’s website.’;

20. Article 124 is deleted;

21. Article 125 is deleted;

22. Article 135 is replaced by the following:

   ‘Article 135

   Valuation rules for non-marketable assets

   Non-marketable assets shall be assigned a value by the Eurosystem corresponding to the outstanding amount of such non-marketable assets.’;

23. in Article 138, paragraph 3, point (b) is replaced by the following:

   ‘(b) covered bonds meeting the requirements set out in Article 129(1) to (3) and (6) of Regulation (EU) No 575/2013. From 1 February 2020, such covered bonds must have an ECAI issue rating as defined in point (a) of Article 83 which fulfils the requirements of Annex IXb.’;

24. in Article 141, paragraph 1, point (c) is replaced by the following:

   ‘(c) if such assets are issued by an agency, a multilateral development bank or an international organisation.’;

25. Annexes VI, VIII and IXb are amended in accordance with the text set out in Annex I to this Guideline;

26. The text set out in Annex II to this Guideline is inserted as a new Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60).

Article 2

Taking effect and implementation

1. This Guideline shall take effect on the day of its notification to the national central banks of the Member States whose currency is the euro.

2. The national central banks of the Member States whose currency is the euro shall take the necessary measures to comply with this Guideline and apply them from 5 August 2019. They shall
notify the European Central Bank of the texts and means relating to those measures by 21 June 2019 at the latest.

Article 3

Addressees

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 10 May 2019.

For the Governing Council of the ECB

[signed]

The President of the ECB
Mario DRAGHI
Annexes VI, VIII and IXb to Guideline (EU) 2015/510 (ECB/2014/60) are amended as follows:

1. Annex VI is amended as follows:
   (a) the title of Table 2 is replaced by the following:
       ‘Eligible links between securities settlement systems’;
   (b) the first sentence after the title of Table 2 is replaced by the following:
       ‘Use of eligible assets issued in the SSS of country B held by a counterparty established in country A through an eligible link between the SSSs in countries A and B in order to obtain credit from the NCB of country A.’;
   (c) the first sentence after the title of Table 3 is replaced by the following:
       ‘Use of eligible assets issued in the SSS of country C and held in the SSS of country B by a counterparty established in country A through an eligible link between the SSSs in countries B and C in order to obtain credit from the NCB of country A.’;

2. Annex VIII is amended as follows:
   (a) the title and the introductory paragraph are replaced by the following:
       ‘ANNEX VIII

       LOAN-LEVEL DATA REPORTING REQUIREMENTS FOR ASSET-BACKED SECURITIES AND THE REQUIREMENTS FOR LOAN-LEVEL DATA REPOSITORIES

       This Annex applies to the provision of comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing asset-backed securities (ABSs), as specified in Article 78, and sets out the requirements for loan-level data repositories.’;
   (b) Section I is amended as follows:
       (i) paragraphs 1 and 2 are replaced by the following:
           ‘1. Loan-level data must be submitted by the relevant parties to a loan-level data repository in accordance with this Annex. The loan-level data repository publishes such data electronically.

           2. Loan-level data may be submitted for each individual transaction using:

               (a) for transactions reported to an ESMA securitisation repository, the relevant templates specified in the implementing technical standards adopted by the Commission under Article 7(4) of Regulation (EU) 2017/2402; or


(b) for transactions reported to a Eurosystem designated repository, the up-to-date relevant ECB loan-level data reporting template, published on the ECB’s website.

In each case, the relevant template to be submitted depends on the type of asset backing the ABS, as defined in Article 73(1).

(ii) the following paragraphs 2a and 2b are inserted:

‘2a. Submission of loan-level data in accordance with paragraph 2(a) will commence at the beginning of the calendar month immediately following the date which is three months from the ESMA reporting activation date.

Submission of loan-level data in accordance with paragraph 2(b) is permitted until the end of the calendar month in which the date three years and three months from the ESMA reporting activation date falls.

2b. Notwithstanding the second subparagraph of paragraph 2a, loan-level data for an individual transaction must be submitted in accordance with paragraph 2(a) where both:

(a) the relevant parties to a transaction are obliged pursuant to Article 7(1)(a) and Article 7(2) of Regulation (EU) 2017/2402 to report loan-level data on the individual transaction to an ESMA securitisation repository using the relevant templates specified in the implementing technical standards adopted by the Commission under Article 7(4) of that Regulation; and

(b) submissions of loan-level data in accordance with paragraph 2(a) have commenced.’;

(c) Section II is amended as follows:

(i) paragraph 2 is replaced by the following:

‘2. The ABSs must achieve a compulsory minimum compliance level, assessed by reference to the availability of information, in particular the data fields of the loan-level data reporting template.’;

(ii) in paragraph 3, the first sentence is replaced by the following:

‘3. To capture non-available fields, a set of six “no data” (ND) options are included in the loan-level data reporting templates and must be filled in whenever particular data cannot be submitted in accordance with the loan-level data reporting template.’;

(d) Section III is amended as follows:

(i) the title is replaced by the following

‘III. DATA SCORE METHODOLOGY’;

(ii) paragraph 1 is deleted;
(iii) paragraph 2 is replaced by the following:

‘2. The loan-level data repository generates and assigns a score to each ABS transaction upon submission and processing of loan-level data.’;

(iv) paragraph 4 and Table 3 are deleted;

(e) in Section IV.II entitled ‘Procedures for designation and withdrawal of designation’, paragraph 1 is replaced by the following:

‘1. An application for designation by the Eurosystem as a loan-level data repository must be submitted to the ECB’s Directorate Risk Management. The application must provide appropriate reasoning and complete supporting documentation demonstrating the applicant’s compliance with the requirements for loan-level data repositories set out in this Guideline. The application, reasoning and supporting documentation must be provided in writing and, wherever possible, in electronic format. No application for designation will be accepted after 13 May 2019. Any application received prior to that date will be processed in accordance with this Annex.’;

3. Annex IXb is amended as follows:

(a) in paragraph 1, the third subparagraph is replaced by the following:

‘The requirements apply to issue ratings as referred to in Article 83 and therefore encompass all asset and programme ratings for eligible covered bonds. ECAIs’ compliance with these requirements will be regularly reviewed. If the criteria are not fulfilled for a particular covered bond programme, the Eurosystem may deem the public credit rating(s) related to the relevant covered bond programme not to meet the high credit standards of the ECAF. Thus, the relevant ECAI’s public credit rating may not be used to establish the credit quality requirements for marketable assets issued under the specific covered bond programme.’;

(b) paragraph 2(b) is amended as follows:

(i) points (vi) and (vii) are replaced by the following:

‘(vi) The distribution of currencies, including a breakdown in terms of value at the level of both the cover pool and the individual bonds and including the percentage of euro-denominated assets and the percentage of euro-denominated bonds.

(vii) Cover pool assets, including the asset balance, asset types, number and average size of loans, seasoning, maturity, loan-to-valuation ratios, regional distribution and arrears distribution. As regards regional distributions, if the cover pool assets consist of loans originated in different countries, the surveillance report must, as a minimum, present the distribution across countries and the regional distribution for the main country of origin.’;

(ii) the following three sentences are added after point (x):

...
‘Surveillance reports for multi-cédulas must contain all the information required under points (i) to (x). In addition, these reports must include the list of the relevant originators and their respective shares in the multi-cédula. Asset-specific information must be reported either directly in the multi-cédula’s surveillance report or by reference to the surveillance reports for each individual cédula rated by the ECAI.’.
ANNEX XIIa

An entity that is considered an agency as defined in point (2) of Article 2 of this Guideline must fulfil the following quantitative criteria in order for its eligible marketable assets to be allocated to haircut category II as set out in Table 1 of the Annex to Guideline (EU) 2016/65 (ECB/2015/35):

(a) the average of the sum of the nominal values outstanding of all eligible marketable assets issued by the agency is at least EUR 10 billion over the reference period; and

(b) the average of the sum of the nominal values of all eligible marketable assets with a nominal value outstanding of at least EUR 500 million issued by the agency over the reference period results in a share equal to 50 % or more of the average of the sum of nominal value outstanding of all eligible marketable assets issued by that agency over the reference period.

Compliance with these quantitative criteria is assessed on an annual basis by calculating, in each given year, the relevant average over a one-year reference period starting on 1 August of the previous year and ending on 31 July of the current year.’