

GUIDELINES

GUIDELINE OF THE EUROPEAN CENTRAL BANK

of 23 January 2013

amending Guideline ECB/2012/18 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral

(ECB/2013/2)

(2013/74/EU)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

HAS ADOPTED THIS GUIDELINE:

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 and Articles 12.1, 14.3 and 18.2 thereof,

Whereas:

- (1) Article 2 of Guideline ECB/2012/18 of 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral⁽¹⁾ provides that the Eurosystem may decide that counterparties may reduce the amount of, or terminate, certain longer-term refinancing operations before maturity (such reduction of the amount or termination hereinafter also collectively referred to as 'early repayment'). Article 2 further specifies that the conditions for such early repayment are to be published in the announcement of the relevant tender or in another format deemed appropriate by the Eurosystem.
- (2) The procedure applicable to the early repayment by counterparties should be further specified in order to ensure that the same conditions are applied by all national central banks of Member States whose currency is the euro (hereinafter the 'NCBs') in respect of early repayment. In particular, the financial penalties regime set out in Appendix 6 to Annex I to Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem⁽²⁾ should apply where counterparties fail to settle, in full or in part, the amount to be repaid to the relevant NCB by the due date where they have opted for early repayment.
- (3) Therefore, Guideline ECB/2012/18 should be amended accordingly,

Article 1

Amendment

Article 2 of Guideline ECB/2012/18 is replaced by the following:

'Article 2

Option to reduce the amount of, or terminate longer-term refinancing operations

1. The Eurosystem may decide that, under certain conditions, counterparties may reduce the amount of, or terminate, certain longer-term refinancing operations before maturity (such reduction of the amount or termination hereinafter also collectively referred to as "early repayment"). The tender announcement shall specify whether the option to reduce the amount of, or terminate, the operations in question before maturity applies, as well as the date from when such option may be exercised. This information may alternatively be provided in another format deemed appropriate by the Eurosystem.
2. A counterparty may exercise the option to reduce the amount of, or terminate, longer-term refinancing operations before maturity by notifying the relevant NCB of the amount it intends to repay under the early repayment procedure, as well as of the date on which it intends to make such early repayment, at least one week in advance of that early repayment date. Unless otherwise specified by the Eurosystem, an early repayment may be effected on any day that coincides with the settlement day of a Eurosystem main refinancing operation, provided that the counterparty makes the notification referred to in this paragraph at least one week in advance of that date.
3. The notification referred to in paragraph 2 shall become binding on the counterparty one week before the early repayment date it refers to. Failure by the counterparty to settle, in full or in part, the amount due under the early repayment procedure by the due date may result in the imposition of a financial penalty as set out in Section 1 of Appendix 6 to Annex I to Guideline ECB/2011/14. The provisions of Section 1 of Appendix 6 which apply to infringements of rules related to tender operations shall

⁽¹⁾ OJ L 218, 15.8.2012, p. 20.

⁽²⁾ OJ L 331, 14.12.2011, p. 1.

apply where a counterparty fails to settle, in full or in part, the amount due on the early repayment date referred to in paragraph 2. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default as set out in Annex II to Guideline ECB/2011/14.'

Article 2

Taking effect and implementation

1. This Guideline shall take effect on the day of its notification to the NCBs.
2. The NCBs shall take the necessary measures to comply with this Guideline and apply them from 7 March 2013.

They shall notify the ECB of the texts and means relating to those measures by 21 February 2013 at the latest.

Article 3

Addressees

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 23 January 2013.

For the Governing Council of the ECB
The President of the ECB
Mario DRAGHI