

GUIDELINES

GUIDELINE OF THE EUROPEAN CENTRAL BANK

of 10 October 2012

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

(ECB/2012/23)

(2012/641/EU)

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 Article 12.1 and Article 14.3 in conjunction with the first indent of Article 3.1 and Article 18.2 thereof,

Whereas:

(1) Pursuant to Article 18.1 of the Statute of the European System of Central Banks and of the European Central Bank, the European Central Bank (ECB) and the national central banks of Member States whose currency is the euro (hereinafter the 'NCBs') may conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral. The criteria determining the eligibility of collateral for Eurosystem monetary policy operations are laid down in Annex I to Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem⁽¹⁾. Additional temporary measures on collateral eligibility are laid down in Guideline ECB/2012/18 of 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9⁽²⁾.

(2) Pursuant to Section 1.6 of Annex I to Guideline ECB/2011/14, the Governing Council may, at any time, change the instruments, conditions, criteria and procedures for the execution of Eurosystem monetary policy operations. Furthermore, pursuant to Section 6.3.1, the Eurosystem reserves the right to determine whether an issue, issuer, debtor or guarantor fulfils its requirements for high credit standards on the basis of any information it may consider relevant.

(3) To enhance the provision of liquidity to counterparties for Eurosystem monetary policy operations, the

Governing Council has decided to temporarily widen the criteria determining the eligibility of assets to be used as collateral in Eurosystem monetary policy operations accepting marketable debt instruments denominated in pounds sterling, yen or US dollars as eligible assets for monetary policy operations. Valuation markdowns reflecting the historical volatility of the relevant exchange rates should be applied to such marketable debt instruments.

- (4) These additional measures should apply temporarily, until the Governing Council considers that they are no longer necessary, to ensure an appropriate monetary policy transmission mechanism. Therefore, they should be implemented by means of an amendment of Guideline ECB/2012/18,

HAS ADOPTED THIS GUIDELINE:

Article 1

Amendments

Guideline ECB/2012/18 is amended as follows:

- (1) Article 1 is replaced by the following:

'Article 1

Additional measures relating to refinancing operations and eligible collateral

1. The rules for the conduct of Eurosystem monetary policy operations and the eligibility criteria for collateral laid down in this Guideline, as further specified in paragraph 2, shall apply in conjunction with Guideline ECB/2011/14.

2. Only Articles 3, 5 and 5a of this Guideline shall apply to foreign currency denominated collateral.

3. In the event of any discrepancy between this Guideline and Guideline ECB/2011/14, as implemented at national level by the NCBs, this Guideline shall prevail. The NCBs shall continue to apply all provisions of Guideline ECB/2011/14 unaltered unless otherwise provided for in this Guideline.;

⁽¹⁾ OJ L 331, 14.12.2011, p. 1.

⁽²⁾ OJ L 218, 15.8.2012, p. 20.

(2) the following Article 5a is inserted:

Article 5a

Admission of certain assets denominated in pounds sterling, yen or US dollars as eligible collateral

1. Marketable debt instruments as described in Section 6.2.1 of Annex I to Guideline ECB/2011/14, if denominated in pounds sterling, yen or US dollars shall constitute eligible collateral for Eurosystem monetary policy operations, provided that: (a) they are issued and held/settled in the euro area; (b) the issuer is established in the European Economic Area; and (c) they fulfil all other eligibility criteria included in Section 6.2.1 of Annex I to Guideline ECB/2011/14.

2. The Eurosystem shall apply the following valuation markdowns to such marketable debt instruments: (a) a markdown of 16 % on assets denominated in pounds sterling or US dollars; and (b) a markdown of 26 % on assets denominated in yen.'

Article 2

Verification

The NCBS shall forward details of the texts and means by which they intend to comply with this Guideline to the ECB by 26 October 2012 at the latest.

Article 3

Entry into force

1. This Guideline shall enter into force two days following its adoption.
2. Article 1 shall apply from 9 November 2012.

Article 4

Addressees

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 10 October 2012.

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