GUIDELINES

EUROPEAN CENTRAL BANK

GUIDELINE OF THE EUROPEAN CENTRAL BANK
of 21 November 2008
on temporary changes to the rules relating to eligibility of collateral
(ECB/2008/18)
(2008/880/EC)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty establishing the European Community and in particular to the first indent of Article 105(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 and the first paragraph of Article 20 thereof,

Whereas:

(1) To enhance on a temporary basis the provision of liquidity to counterparties for Eurosystem monetary policy operations, the criteria determining the eligibility of collateral that counterparties for Eurosystem monetary policy operations provide to the Eurosystem to obtain liquidity should be widened. The criteria determining the eligibility of collateral are laid down in Guideline ECB/2000/7 of 31 August 2000 on monetary policy instruments and procedures of the Eurosystem (1).

(2) The Governing Council of the European Central Bank (ECB) decided on 15 October 2008 to widen temporarily the rules relating to the eligibility of collateral for the operations of the Eurosystem. The Governing Council furthermore decided that the date of entry into force of its decision as well as any further measures regarding such widened eligibility criteria would be communicated as soon as possible,

HAS ADOPTED THIS GUIDELINE:

Article 1

Widening of certain eligibility criteria for collateral

1. The eligibility criteria for collateral laid down in Annex I to Guideline ECB/2000/7 (hereinafter the ‘General Documentation’) shall be widened in accordance with Articles 2 to 7.

2. In the event of any discrepancy between this Guideline and the General Documentation, as implemented at national level by the NCBs, the former shall prevail. The NCBs shall continue to apply all provisions of the General Documentation unaltered unless otherwise provided for in this Guideline.

Article 2

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

1. Marketable debt instruments as described in Chapter 6.2.1 of the General Documentation, if denominated in US dollars, pounds sterling or Japanese yen, shall constitute eligible collateral for the purposes of Eurosystem monetary policy operations, provided that: (i) they are issued and held/settled in the euro area; and (ii) the issuer is established in the European Economic Area.

2. An additional haircut of 8% shall be imposed by the Eurosystem on all such marketable debt instruments.

Article 3

Admission of syndicated loans as eligible collateral

1. Syndicated loans shall only constitute eligible collateral for the purposes of Eurosystem monetary policy operations provided that they comply with Chapters 6.2.2 and 6.3.3 and Appendix 7 of the General Documentation.

2. Without prejudice to paragraph 1, syndicated loans
governed by the laws of England and Wales which have been
accepted by 30 November 2008 in accordance with the
requirements laid down in Decision ECB/2008/15 of
14 November 2008 on the implementation of Regulation
ECB/2008/11 of 23 October 2008 on temporary changes to
the rules relating to eligibility of collateral (1) for the purposes of
Eurosystem monetary policy operations shall remain eligible
collateral for the duration of the Eurosystem monetary policy
operation for which they have been accepted as eligible
collateral.

Article 4
Admission of debt instruments issued by credit
institutions, which are traded on certain non-regulated
markets as eligible collateral
1. Debt instruments issued by credit institutions, which are
traded on certain non-regulated markets as specified by the ECB,
shall constitute eligible collateral for the purposes of Eurosystem
monetary policy operations.
2. An additional haircut of 5 % shall be imposed by the
Eurosystem on all such debt instruments.

Article 5
Admission of collateral with a ‘BBB-’ credit assessment and
above as eligible collateral
1. The Eurosystem’s minimum requirement for the
assessment of the credit standard of assets eligible as collateral
for the purposes of Eurosystem monetary policy operations
shall be a ‘BBB-’ equivalent credit assessment. This change to
the credit assessment requirement shall apply to both
marketable and non-marketable assets, with the exception of
asset-backed securities as described in Chapter 6.3 of the
General Documentation, for which the requirement for high
credit standards shall remain unchanged.
2. An additional haircut of 5 % shall be imposed by the
Eurosystem on all eligible assets with a credit assessment
below ‘A-’.

Article 6
Admission of subordinated assets with adequate guarantees
as eligible collateral
1. The requirement of non-subordination relating to the eligi-
bility of marketable assets as collateral for the purposes of
Eurosystem monetary policy operations as described in
Chapter 6.2.1 of the General Documentation shall not apply
when a financially sound guarantor provides an unconditional
and irrevocable guarantee payable on first demand on these
assets, as further defined in Chapter 6.3.2 of the General Docu-
mentation.
2. An additional haircut of 10 % shall be imposed by the
Eurosystem on all such assets, with a further 5 % valuation
markdown in the event of a theoretical valuation.

Article 7
Admission of fixed-term deposits as eligible collateral
Fixed-term deposits as described in Chapter 3.5 of the General
Documentation from eligible counterparties shall be eligible as
collateral for all refinancing operations of the Eurosystem.

Article 8
Further implementation measures
The Governing Council has delegated the competence to take
any further decisions which are necessary to implement its
decision of 15 October 2008 to the Executive Board.

Article 9
Verification
The NCBs shall forward to the ECB by 25 November 2008 at
the latest details of the texts and means by which they intend to
comply with this Guideline.

Article 10
Final provisions
1. This Guideline shall enter into force on 25 November
2008.
2. This Guideline shall apply from 1 December 2008 until
31 December 2009.

Article 11
Addressees
This Guideline is addressed to the NCBs of participating
Member States.

Done at Frankfurt am Main, 21 November 2008.

For the Governing Council of the ECB
The President of the ECB
Jean-Claude TRICHET