



Jean-Claude TRICHET
President

Mr Sven Giegold
Member of the European Parliament
European Parliament
60 Rue Wiertz
B-1047 Brussel

Frankfurt, 7 February 2011

L/JCT/11/128

Questions on the position of the European Central Bank regarding the Balz report in the European Parliament on the ECB's Annual Report 2009 (2010/2087(INI))

Dear Mr Giegold,

Thank you for your letter regarding certain recitals from the European Parliament's report on the ECB's Annual Report for 2009, passed on to me by Ms Sharon Bowles, Chairperson of the Economic and Monetary Affairs Committee, on 20 December 2010.

As regards your question on transparency in the context of valuing securities offered as collateral, I welcome this opportunity to mention the robustness of the Eurosystem collateral framework, which has allowed the Eurosystem to provide liquidity also at times of market turbulence.

Furthermore, the ECB has taken concrete steps to foster transparent access to financial information, as shown when it promoted the establishment of loan-level data requirements for asset-backed securities (ABS) in the Eurosystem collateral framework (see press release of 16 December 2010). This information will significantly improve investors' capacity to produce due diligence checks for risk assessment and valuation purposes.

In parallel, work is ongoing to strengthen further our existing internal valuation capabilities for collateral assets for monetary policy operations. As a result, the Eurosystem will be able to value all assets on an integrated single platform.

As regards your query on repurchase agreements, the Eurosystem relies on a very broad collateral basis that includes diverse types of financial assets. Article 124 of the Treaty on the Functioning of the European Union prohibits any measure, not based on prudential considerations, establishing privileged access for public bodies to financial institutions.

Yours sincerely,

[signed]