



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mario DRAGHI

President

Mr Bernd Lucke
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 3 November 2014

L/MD/14/461

Re: Your letter

Honourable Member of the European Parliament, dear Mr Lucke,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 25 September 2014.

As stated in the ECB's press release and the accompanied annexes of 2 October 2014, the asset-backed securities purchase programme (ABSPP), together with the third covered bond purchase programme (CBPP3) and the targeted longer-term refinancing operations (TLTROs), will have a sizeable effect on our balance sheet. The ECB does not have a precise target for the overall size of the balance sheet or for each of the individual programmes.

The ABS senior tranches purchased under the ABSPP must meet the eligibility criteria as specified in the Eurosystem's collateral framework. With respect to ABS mezzanine tranches, the details on guarantees and other related eligibility criteria (e.g. with respect to the guarantor) will be communicated at a later stage.

For reasons of risk protection, the ECB would only purchase mezzanine tranches for which an adequate guarantee is available, otherwise it will refrain from such a purchase. The decision to initiate or participate as guarantor in an ABS guarantee scheme lies exclusively with the potential guarantors.

Yours sincerely,

[signed]

Mario Draghi