



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Jonás Fernández
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels
Belgium

Frankfurt, 17 September 2015

L/MD/15/543

Re: Your letters (QZ-106, QZ-108, QZ-109 and QZ-110)

Honourable Member of the European Parliament, dear Mr Fernández,

Thank you for your letters, which were passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 10 July 2015.

Regarding your question as to whether the European Central Bank (ECB) made the increase in the ELA ceiling conditional on the introduction of capital controls in Greece, I would like to stress that decisions on administrative measures relating to the Greek banking system are solely the responsibility of the Greek government.

According to the rules, ELA can only be provided against sufficient collateral and to solvent banks. The financial situation of the Hellenic Republic and its prospects affect the country's banks, as the collateral they are using for ELA purposes relies to a significant extent on assets issued or guaranteed by the Greek government. The sufficiency of this collateral depends critically on the ability of the Hellenic Republic to honour its financial obligations. Several events at the end of June 2015 triggered a reassessment of the Greek government's financial prospects. In this context, the Governing Council decided on 28 June 2015 to maintain ELA at the level set on 26 June 2015.

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As regards your second question, as to whether “*the ECB is ready to reconsider [the decision taken by the Governing Council on 28 June 2015¹] and increase in the short-term the ELA ceiling, so the stability of the Greek banks and the whole of the Eurozone could be enhanced*”, let me remind you that – on the same occasion – the Governing Council confirmed that it stood ready to review its decision. Indeed, the ECB then announced at its press conference on 16 July 2015 that, owing to the positive developments with regard to the financial situation of the Hellenic Republic in the preceding days, the Governing Council did not object to an increase of the ceiling for ELA provision to Greek banks.

Regarding your question on the Eurosystem’s holdings of debt issued by the Hellenic Republic which matured on 20 July 2015, I would like to remind you that this debt was repaid on time and in full. Consequently, any discussion regarding the implications for ELA from the non-repayment of this financial obligation would be of a purely hypothetical nature.

Lastly, as regards your question on the eligibility of instruments issued by the Hellenic Republic as collateral for ELA provision, I would like to remind you that responsibility for the provision and modalities of ELA lies with the national central bank concerned. However, under Article 14.4 of the Statute of the European System of Central Banks and of the European Central Bank, the Governing Council of the ECB may take decisions concerning the provision and modalities of ELA operations if it considers that these operations interfere with the objectives and tasks of the European System of Central Banks. Such decisions are taken by the Governing Council with a majority of two-thirds of the votes cast.

Yours sincerely,

[signed]

Mario Draghi

¹ For more information, see the press release of 28 June 2015 on the ECB’s website.

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