



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Fabio De Masi

Mr Nikolaos Chountis

Ms Sofia Sakorafa

Mr Miguel Urbán Crespo

Members of the European Parliament

European Parliament

60, rue Wiertz

B-1047 Brussels

Frankfurt, 1 March 2016

L/MD/16/118

**Re: Your letters (QZ-173, QZ-174, QZ-175, QZ 176 and QZ-177)**

Honourable Members of the European Parliament, dear Mr De Masi, Mr Chountis, Ms Sakorafa and Mr Urbán Crespo,

Thank you for your letters, which were passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs (ECON), accompanied by a cover letter dated 8 January 2016.

I have clarified the issue of transactions involving Greek government bonds in the context of the Securities Markets Programme (SMP) on several occasions. For example, in a letter of reply to Mr Liêm Hoang Ngoc, MEP, dated 12 March 2013, I explained in detail that the income generated by Greek government bonds acquired by the ECB under the SMP is part of the ECB's net profit, which is distributed according to the rules laid down in the Statute of the ESCB and of the ECB.<sup>1</sup> More recently, on 12 November 2015, on the occasion of the hearing before the ECON Committee, I again clarified this issue in the Questions and Answers session.<sup>2</sup>

Regarding your questions on the past restructuring of Greece's public debt and on the role of the ECB, let me first underline that it is essential to judge the related decisions having in mind the information available when

<sup>1</sup> The letter is accessible on the ECB's website at: [https://www.ecb.europa.eu/pub/pdf/other/130515letter\\_hoangngocen.pdf](https://www.ecb.europa.eu/pub/pdf/other/130515letter_hoangngocen.pdf)

<sup>2</sup> The transcript of the Questions and Answers session is accessible on the ECB's website at: [http://www.ecb.europa.eu/press/key/date/2015/html/sp151112\\_Transcript\\_and\\_QandA.en.pdf](http://www.ecb.europa.eu/press/key/date/2015/html/sp151112_Transcript_and_QandA.en.pdf)

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those decisions were made. For instance, when the first financial assistance programme for Greece was agreed in 2010 – the year you refer to in your letter – the information available was initially very incomplete and the statistics available were not sufficiently reliable. The political realities and relevant European rules in force at the time also need to be taken into consideration.

Second, allow me to note that in the Eurogroup statement of 21 February 2012, the euro area Member States, including the Hellenic Republic, took note that the Eurosystem holdings of Greek government bonds – bought in the context of the SMP – had been held for public policy purposes. Furthermore, on 23 February 2012 the Hellenic Parliament adopted Law 4050/2012 which, in its explanatory memorandum, stated first, that the public sector (the EU and the ECB) had demonstrated its commitment to the stability of the European financial sector through, for example, the Eurosystem's and the ECB's programme for intervening in the bond markets and, second, that the ECB and the other Eurosystem members had come to special arrangements with Greece in order to ensure that their mandate and institutional role, as well as the role of the ECB in shaping monetary policy as governed by the Treaty, be protected.

As regards additional measures to improve the sustainability of Greece's public debt and their modalities, these are primarily for euro area Member States to decide, taking into consideration the overall financial assistance provided to Greece and the prospects for the recovery and reform of the Greek economy. Any such debt measures need to respect the EU Treaties, including the principles governing the operation of the ECB and the Eurosystem. Moreover, it must be clear that any debt measure cannot take the place of the necessary reforms to ensure fiscal sustainability and sustainable long-term growth.

In conclusion, let me point you to other letters of reply to your MEP colleagues in which I clarified the ECB's position on the irrevocability of the euro – for instance, in my letter dated 7 May 2015<sup>3</sup> – and on the provision of emergency liquidity assistance to the Greek banking system – for instance, in my letters dated 17 September 2015.<sup>4</sup>

Yours sincerely,

[signed]

Mario Draghi

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<sup>3</sup> The letter is available on the ECB's website at: [http://www.ecb.europa.eu/pub/pdf/other/150508letter\\_ecr.en.pdf](http://www.ecb.europa.eu/pub/pdf/other/150508letter_ecr.en.pdf)

<sup>4</sup> The letters are available on the ECB's website at: [http://www.ecb.europa.eu/pub/pdf/other/150918letter\\_vallizanni.en.pdf](http://www.ecb.europa.eu/pub/pdf/other/150918letter_vallizanni.en.pdf) and [http://www.ecb.europa.eu/pub/pdf/other/150918letter\\_fernandez.en.pdf](http://www.ecb.europa.eu/pub/pdf/other/150918letter_fernandez.en.pdf)

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