



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mario DRAGHI

President

Mr Ramon Tremosa i Balcells
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 10 September 2013

L/MD/13/556

Re.: Your letter

Dear Mr Tremosa i Balcells,

Thank you for your letter, which was passed on to me by Ms Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 12 July 2013.

Given the importance of credit institutions in the funding of non-financial corporations within the euro area, the ECB relies on the banking sector to transmit its monetary policy stance to the real economy. Both private and public credit institutions are eligible counterparties for Eurosystem monetary policy operations. In this regard, please note that the Treaty prohibition of monetary financing includes an explicit exemption for publicly-owned credit institutions which, in the context of the supply of reserves by the central banks, must be given the same treatment as private credit institutions (Article 123(2) of the Treaty on the Functioning of the European Union).

The ICO is a credit institution within the meaning of Article 123(2). It complies with all the eligibility requirements for counterparties taking part in Eurosystem monetary policy operations and it holds minimum reserves with the Eurosystem. Thus the ICO is an eligible counterparty in Eurosystem monetary policy operations and has access to Eurosystem monetary policy instruments.

The liquidity provided by the ECB is not earmarked for any particular investment purpose. Therefore, eligible counterparties are free to use the funds received from the ECB according to their own business and risk management decisions.

Yours sincerely,

[signed]

Mario Draghi