



EUROPEAN CENTRAL BANK  
EUROSYSTEM

*COURTESY TRANSLATION*

Mario DRAGHI

*President*

Mr Peter van Dalen  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 28 January 2014

L/MD/14/54

**Re: Your letter**

Dear Mr van Dalen,

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 4 December 2013.

The credit assessment of the securities in question was conducted in full accordance with the ECB's applicable rules, reflecting the available credit rating information. The rules set out in the Eurosystem credit assessment framework (ECAAF) are fully transparent and systematically enforced.<sup>1</sup> These rules state that the first rating taken into account for the credit assessment of securities is the asset/programme/issuance series rating from any of the four credit rating agencies accepted under that framework. Only in the absence of any of these ratings does the Eurosystem rely on the best of either the issuer or guarantor ratings. However, not all of the 116 Italian securities in question were assigned a haircut for ratings between AAA and A-. The 116 Italian securities had either been rated by a credit rating agency other than DBRS at the asset/programme/issuance series rating level, in which case that rating was the one used for eligibility and haircut purposes (resulting in the application of the BBB haircut schedule), or had not been assigned an asset/programme/issuance series rating by any of the four ECAAF credit rating agencies, in which case, in

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<sup>1</sup> The ECAAF rules are publicly available and are laid down in Guideline ECB/2011/14 on monetary policy instruments and procedures of the Eurosystem (as amended by Guideline ECB/2012/25) and in Decision ECB/2013/35 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral.

accordance with the rules cited above, the best applicable rating was the issuer rating assigned to the Republic of Italy by DBRS (resulting in the application of the AAA to A- haircut schedule).

Let me also underline that the Eurosystem itself does not assign credit ratings to marketable assets in its collateral framework, but relies on the credit assessment of the credit rating agencies accepted under the ECAF. The Eurosystem applies the ECAF rules in order to determine the relevant credit rating from those available. Please also note that the Eurosystem regularly reviews the performance of eligible credit assessment sources and, on the basis of sound empirical evidence, may undertake changes to the harmonised credit scale that it uses.<sup>2</sup>

Finally, please take note that the ECB maintains a regular dialogue with the credit rating agencies accepted under the ECAF, but does not interfere with either their independent credit assessment decisions or their public communication policies. Accordingly, no requests or suggestions were made to DBRS.

Yours sincerely,

[signed]

Mario Draghi

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<sup>2</sup> The harmonised rating scale is publicly available at <http://www.ecb.europa.eu/paym/coll/risk/ecaf/html/index.en.html>