



EUROPEAN CENTRAL BANK

EUROSYSTEM

**ECB-PUBLIC**

*COURTESY TRANSLATION*

Mario DRAGHI  
President

Ms Laura Agea  
Mr Marco Valli  
Members of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 23 January 2018

LMD/18/22

**Re: Your letter (QZ-103)**

Honourable Members of the European Parliament, dear Ms Agea and Mr Valli,

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 27 November 2017.

As I explained to you during my appearance before the Committee on Economic and Monetary Affairs on 25 September 2017, the corporate sector purchase programme (CSPP) is part of the Eurosystem's expanded asset purchase programme (APP) and was introduced with the aim of strengthening the pass-through of the Eurosystem's asset purchases to the financing conditions in the real economy.<sup>1</sup> The universe of CSPP-eligible bonds is deliberately broad and its composition is guided by monetary policy and risk management considerations. In pursuing its objective of maintaining price stability, the ECB is mandated to act in accordance with the principle of an open market economy with free competition, favouring the efficient allocation of resources. Consequently, in the interests of a market-neutral implementation of the APP, CSPP purchases are conducted on the basis of a benchmark that proportionally reflects the nominal value of eligible bonds in the CSPP-eligible universe. In addition, securities must be eligible as collateral for Eurosystem credit operations in order to be eligible for purchase under the CSPP.

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<sup>1</sup> The full text of my introductory statement at that hearing is available on the ECB's website:  
[https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170925\\_2.en.html](https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170925_2.en.html)

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The size of the Eurosystem's holdings of bonds issued by an eligible company is based on the issuer's share in that benchmark.<sup>2</sup> Deviations from that benchmark share are allowed to the extent determined by the limits that apply to each issuer. As liquidity conditions vary across individual issuers and bonds, these limits include some leeway in order to ensure the necessary flexibility in the development of the portfolio. This framework has also been applied to the specific issuer that you refer to in your letter (NOVOMATIC AG). As of 12 January 2018, three bonds issued by the aforementioned company have been bought under the CSPP (as reported on the ECB's website), and these holdings were broadly in line with the benchmark.

While the ECB is aware of the relevance of the debate on these matters, in order to ensure the effectiveness of monetary policy while maintaining a level playing field for all market participants and avoiding undue market distortions, no additional criteria have been set so far for the CSPP-eligible bond universe. It is mainly up to political decision-makers to agree on, define and apply the relevant laws and measures to achieve, ethical, environmental, or other objectives. Decisions by the ECB to discriminate among the CSPP-eligible bond universe can only be based on monetary policy considerations and objectives. In the absence of applicable legislation, it is very difficult for the ECB to establish any positive or negative discrimination in the CSPP-eligible bond universe since it could be considered unfounded. The CSPP programme enables the ECB to fulfil its monetary policy mandate, with the aim of achieving price stability.

Yours sincerely,

[signed]

Mario Draghi

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<sup>2</sup> For a comprehensive overview of the CSPP's implementation and impact, please see this Economic Bulletin box, which was published in June 2017: [https://www.ecb.europa.eu/pub/pdf/other/ebbox201704\\_02.en.pdf](https://www.ecb.europa.eu/pub/pdf/other/ebbox201704_02.en.pdf)

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